

Statement Of

**Honorable Thomas F. Hall
Assistant Secretary Of Defense For
Reserve Affairs**

Before the

**House Armed Services Committee
Military Personnel Subcommittee**

“Reserve Component Recruiting and Retention”

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HOUSE COMMITTEE ON ARMED SERVICES
MILITARY PERSONNEL SUBCOMMITTEE

Honorable Thomas F. Hall

Assistant Secretary of Defense for Reserve Affairs

Secretary Thomas F. Hall, a native of Barnsdall, Oklahoma, was sworn in as the fourth Assistant Secretary of Defense for Reserve Affairs on October 9, 2002. A Presidential appointee confirmed by the Senate, he serves as the principal staff assistant to the Secretary of Defense on all matters involving the 1.2 million members of the Reserve Components of the United States Armed Forces. He is responsible for overall supervision of Reserve Component affairs of the Department of Defense.



Secretary Hall is a retired two-star Rear Admiral having served almost 34 years of continuous active duty in the United States Navy. He is a distinguished and decorated Naval Aviator, who served a combat tour in Vietnam. He has performed in numerous high level staff, command, and NATO positions during his career. He commanded Patrol Squadron EIGHT, Naval Air Station Bermuda, and the Iceland Defense Force. His final military assignment was as the Commander/Director/Chief of Naval Reserve. His military awards include the Distinguished Service Medal, Defense Superior Service Medal, Legion of Merit, Air Medal, and various other personal and unit decorations. He was awarded the Order of the Falcon, with Commander's Cross, by the President of Iceland in recognition of his accomplishments and service as Commander Iceland Defense Force. In 2000, he was given the International Partnership Award for his service to the United States and Iceland. He has been inducted into the Oklahoma Military Hall of Fame. In 2003, he was given the National Service Award for Leadership by the Federal Law Enforcement Foundation. In 2004, he was given the National Citizenship Award by the Military Chaplains Association of the United States. In 2005, he was given the Admiral Jackson award by the Reserve Officers Association.

Secretary Hall attended Oklahoma State University for one year before entering the United States Naval Academy in Annapolis, Maryland. In 1963, he graduated from the Academy with a bachelor's degree in Engineering and was named as one of the top 25 leaders in his class, having commanded both the top Battalion and Company. He was, also, awarded the Brigade Intramural Sports Trophy. In 1971, he received a master's degree in Public Personnel Management from George Washington University. He graduated with highest distinction from the Naval War College; with distinction, from the National War College; and from the National Security Course at Harvard University. He was selected as a Fellow and served on the Chief of Naval Operations Strategic Studies Group.

Secretary Hall has served on the Boards of Directors of numerous nonprofit organizations that are supporting the needs of our veterans and citizens in general. Prior to returning to government service, Secretary Hall served as the Executive Director of the Naval Reserve Association for six years. The Naval Reserve Association is a 501 (c) (3) nonprofit veterans' organization that represents over 23,000 Naval Reserve officers, members, and their families.

Secretary Hall is married to the former Barbara Norman of Jacksonville, Florida. They have one son, Thomas David Hall.

Introduction

Chairman McHugh, Congressman Snyder, and members of the subcommittee: thank you for the invitation to offer my perspective on the status and ability of America's Reserve component forces to meet current and future operational requirements. I have just returned from the front lines in the CENTCOM AOR where I asked the troops what they would like me to tell you. They truly are America's finest and I look forward to sharing their issues and concerns with you during this hearing.

I would like to provide you up-to-date information on Reserve component recruiting and retention to assist you in making the critical decisions to help the Department over the next several months. This committee has always been very supportive of our National Guard and Reserve Forces. On behalf of those men and women, I want to publicly thank you for all your help in providing for them. The Secretary and I are deeply grateful, our military personnel certainly appreciate it, and we know we can count on your continued support.

The All-Volunteer Reserve components are performing above and beyond what was expected. Although the Army Reserve and the Army guard have experienced recruiting challenges, we have seen improvement in recent months, and retention overall remains solid. Today, we will review with you the current status of Reserve component recruiting and attrition and discuss some of the current initiatives we are undertaking with the Services to address the challenges we face.

Collectively, we are facing challenges, but we are taking necessary steps to resolve problems. We are continually reviewing compensation packages to ensure that they are adequate to meet the needs of the members. We are working with the Services to take full advantage of the strength that comes from combining resources and knowledge, and of the research that we have done over the years to assist us.

The decisions you make about the authorities, funding and budget activities for the next fiscal year matter a great deal to those who have volunteered to serve our nation. I am happy to be here to answer your questions and discuss the programs that I believe are essential to sustaining our volunteer military in meeting our national security requirements.

Stop Loss.

The Army is the only Service currently using Stop Loss. The Army Stop Loss program affects less than one percent of the total force (9,044 Active Component Soldiers, 3,762 USAR Soldiers, and 2,480 ARNG Soldiers in May 2005). The active Army Unit Stop Loss program takes effect 90 days prior to unit deployment or with official deployment order notification, and remains in effect through the date of redeployment to permanent duty stations, plus a maximum of 90 days. Reserve Component Unit Stop Loss begins 90 days prior to mobilization or with official mobilization alert deployment order notification, and continues through mobilization, and for a period up to 90 days following unit demobilization.

Army initiatives of Modularity, Restructuring, and Rebalancing the Active/Reserve Component mix and Force Stabilization will, over time, eliminate any need for Stop Loss.

Reserve Component Recruiting and Retention

There has been considerable discussion about the stress that the Global War on Terrorism (GWOT) is placing on the force—both active and reserve. A repeated question is: What levels of utilization can the National Guard and Reserve sustain while still maintaining a viable reserve force? Recognizing that the GWOT will last for a number of years, the Department established a strategic approach to ensure the judicious and prudent use of the Reserve Components in support of the war effort. We will continue to assess the impact of mobilization and deployments on the National Guard and Reserve, and adjust our policies as needed to sustain the Reserve Components.

One way to examine mobilization of the National Guard and Reserve is in terms of today's force – those who are currently serving in the force. Of the 831,236 Reserve Component members who are currently serving in the Selected Reserves, 366,742 have been mobilized between September 11, 2001 and May 31, 2005– representing 44.1 percent of the current force.

Compared to Operation Desert Storm when we mobilized 30,000 Individual Ready Reserve (IRR) members, we have not used the Individual Ready Reserve in an aggressive manner to support the GWOT. In the past three years, we have mobilized 8,790 IRR members. However, further utilization of the IRR remains a viable option for meeting both near-term and long-term commitments.

We have embarked on an expectation management program for our Reserve Component members, their families, their employers, and the public in general. We are undertaking the program to foster appropriate expectations for the 21st century in terms of: (1) the frequency and duration of military duty and (2) predictability of extended duty.

Reserve Recruiting

The high usage of the Reserve Component force has been characterized as having a negative effect on Reserve Component recruiting and retention. Empirical and anecdotal data do support the conclusion that the extremely high usage rates will have some negative effects. But, those same data also show that low levels of usage have negative effects, too. Our RC members are willing to serve when called. Also, recent analysis indicates that retention intentions are strongest among Reserve component members whose service and mobilization experiences match their expectations. Our job is to ensure that we use them prudently and judiciously.

The Reserve Components continue to face a challenging recruiting environment. In 2004, four of the six DoD Reserve Components met or exceeded their recruiting goals. While we have seen mixed results in the first nine months of the fiscal year, four of the six Reserve Components are challenged in meeting their recruiting goals (Table 3). The current month has yielded the best results, so far; with four of the six meeting or exceeding their monthly recruiting goals as follows:

- The Army National Guard posted 86%;
- The Army Reserve posted 101%;

- The Navy Reserve posted 92%;
- The Marine Corps Reserve posted 100%;
- The Air National Guard posted 106%, and
- The Air Force Reserve posted 101%.

Table 3. Reserve Component Recruiting Performance through June 2005

Reserve Enlisted Recruiting, FY05 Through June	Goal	Accessions	% of Goal	% High School Diploma Graduate (HSDG)	% Scoring at or above 50th Percentile on Armed Forces Qualification Test (Cat I-III A)
Army National Guard	44,989	34,589	77%	83%	57%
Army Reserve	19,753	15,540	79%	90%	69%
Naval Reserve	8,733	8,002	92%	90%	82%
Marine Corps Reserve	6,333	6,350	100%	96%	78%
Air National Guard	7,619	6,290	83%	unk	unk
Air Force Reserve	5,769	6,604	114%	90%	72%

While the other Reserve Components have been able to meet the DoD quality benchmarks for new recruits, the Army National Guard has historically experienced difficulty in meeting those standards. Army National Guard recruit quality levels, at 83 and 57 percent, are respectively, seven and three percentage points below the DoD benchmarks of 90 percent high school diploma graduates and 60 percent scoring in the upper half on the AFQT. Rather than recruiting from a national market like the Active Component, the National Guard must recruit from local communities to fill vacancies. With National Guard units located in over 3,000 communities throughout the Nation, meeting the quality benchmarks can present challenges. Conversely, the community-

based nature of the Guard works to its advantage in retention, since “quitting the Guard” before a guard member completes his or her service obligation is very apparent to the whole town.

Recruiters report that there is a reduced propensity to join the military among today’s youth. Due to the realities of war, there is less encouragement today from parents, teachers, and other influencers to join the military. Our efforts to recognize the value of service should help this over time. In addition to the reduced propensity to serve, fewer individuals, because of very high retention rates, are separating from the active components, and fewer of those who do separate are affiliating with the Reserve Components. These factors, coupled with an improving economy and lower unemployment, adversely affect recruiting.

The Army is aggressively attacking any potential shortfall in Reserve Component recruiting through three avenues of approach: (1) adding Reserve Component recruiters, with an additional 1,900 Army National Guard recruiters and 734 Army Reserve recruiters programmed by the end of the Fiscal Year; (2) offering stronger incentives, with increased enlistment bonuses for both prior service and non-prior service recruits; and (3) using increased advertising, including targeted advertising to parents and influencers. Your continued support of these efforts is essential.

Reserve Retention (Attrition)

Retention in the Army National Guard and the Army Reserve continues to be very strong. Retention in the Air Reserve components is remarkably strong. Attrition in 2004, and thus far in 2005, is consistent with pre-Global War on Terrorism levels. We expect

attrition to remain low. The support of the Congress in the form of stronger retention incentives helps offset what might otherwise be a reduced likelihood to reenlist. The Department has established planning factors that will provide greater career stability and predictability to reserve members, their families, and their employers. The Services are implementing policies based on these planning factors now.

Table 4. Reserve Component Attrition through May 2005

Selected Reserve Enlisted Attrition Rate (in percent)	2000 YTD (May)	FY 2004 YTD (May)	FY 2005 YTD (May)	FY 2005 Target (Ceiling)
Army National Guard	13.2	12.6	14.0	19.5
Army Reserve	19.2	13.9	15.2	28.6
Naval Reserve	19.4	17.8	20.0	36.0
Marine Corps Reserve	19.1	18.5	13.4	30.0
Air National Guard	8.0	8.3	6.9	12.0
Air Force Reserve	11.3	9.1	9.8	18.0
DOD	14.6	12.8	13.5	

Legislation in Support of Total Force Recruiting and Retention

Recruiting and retaining the right people in the right skills in the right number for the Total force has always been a challenge and continues to be our challenge today. None of this comes easily; and Congressional support continues to be key. We are grateful for the across-the-board 3.1 percent pay raise, the increases in Basic Housing Allowance for Housing (BAH), which allowed us to reduce average member out-of-pocket expenses from 3.5 percent to zero, and the targeted increases in pays and allowances for our brave men and women fighting the war in Iraq and Afghanistan and

other dangerous places. We are also pleased with the related increases in pay and allowances and bonuses for our members in the Reserve Component.

The Department is formulating legislative proposals to enhance recruiting even further. One area in particular where we need further assistance is in providing a reasonable incentive to join the reserves for service members who have separated but still have a military service obligation. We have a proposal that will do that by making permanent the temporary enhanced bonus authority provided in the FY 2005 supplemental. Also, the Advisory Committee on Military Compensation will be looking at incentive structures and may make suggestions for improvements that they believe will assist us in meeting our recruiting and retention objectives. We have a representative that is part of the staff supporting the commission to ensure the Guard and Reserve compensation issues are part of the commission's review. Finally, the Commission on the National Guard and Reserves will review personnel pay and other forms of compensation as well as other personnel benefits. We plan to work closely with these entities as they assess the compensation and benefits package needed to sustain a healthy National Guard and Reserve.

We appreciate support of appropriations consistent with the proposed changes to our authorities. We are requesting an increase in the maximum amount for the Hardship Duty Pay and the House included this provision. Our request recognizes and compensates our women and men who are serving in a designated hardship location, participating in a designated hardship mission. Our leaders need the flexibility to raise the amounts paid in order to (1) quickly recognize troops serving under the most arduous of circumstances,

(2) support sequential assignment, and (3) meet future needs as they emerge and we would appreciate your passing this provision. Another major proposal increases the maximum allowable amount that can be offered under the Selective Reenlistment Bonus program is also in the House bill. This increase is necessary for targeting critical skills, as required, to retain sufficient numbers of high quality personnel and counter the lure of the high technology private sector and we ask the Senate to pass this provision.

Sustaining Army Strength

In September 2003, the Army announced and implemented a \$5K reenlistment bonus which was paid, in Iraq, Afghanistan, Kuwait, and South Korea. Through May 2005, more than 14,500 Soldiers have taken advantage of the Present Duty Assignment Selective Reenlistment Bonus by reenlisting to stay with units in Afghanistan, Iraq, or Kuwait. The Army's current program offers bonus amounts up to \$15,000 to Soldiers in these locations. With good success, the Reserve components are encouraging eligible members to reenlist for the increased reenlistment bonuses while they are in Iraq or Afghanistan to take advantage of the favorable tax treatment of those bonuses.

The Department is taking advantage of a unique force restructuring process – the “Blue” services, Air Force and Navy, are reducing strength while the “Green” service, Army, is increasing. Our “Blue to Green” program provides sailors and airmen with a unique opportunity to “Go Army” under an initiative intended to rebalance the military and preserve human capital. Sailors and airmen in skills identified as excess that are qualified to remain in Service, shall be given the opportunity to apply for immediate inter-service enlistment into the Army. The Department is also working with the

Services to boost prior service accessions by sending letters to military alumni inviting them back to active duty (recapturing first term losses). Of course, this proves to be advantageous to the Active Army, but “drys up” a lucrative recruiting source for the Reserve components for prior service members.

To capitalize on our successes in retention and sustain that momentum, we must continue to invest in areas that leverage readiness. Authorities for flexible compensation tools enable the Department to tailor incentives to respond to specific readiness demands and provide the capacity to efficiently start and stop them.

We note that the House included two provisions in their versions of the FY 2006 NDAA that will very positively affect Reserve component recruiting. The first provision would repeal the current affiliation bonus authority and combine it with the non-prior service accession bonus to provide up to \$10,000 to an individual who is separating from the active forces with a remaining military service obligation, and agrees to serve in the Selected Reserve for a period of not less than three years in a critical skill, unit, or pay grade. We believe this will help us overcome the current shortfall in individuals transitioning from Active to Reserve service.

The second provision would authorize a critical skills retention bonus for Selected Reserve members similar to the current critical skills retention bonus available to the Active components. While attrition throughout the Reserve components is consistent with acceptable norms, attrition in certain skills is too high. This bonus authority would permit us to target those skills by offering bonuses to members who agree to serve in those skills for at least two years. A member would be limited to receiving \$100,000

over an entire Reserve career under this authority. This amount is half of the career limit of \$200,000 for Active component members for a similar bonus authority. We are certain that this bonus authority will help us retain the right members in the right skills.

Additionally, we note that the House has included two provisions in its version of the FY 2006 NDAA that will have a definite, positive impact on military recruiting. The House raises the maximum level for an enlistment bonus from the current \$20,000 to \$30,000. The Services now use enlistment bonuses in support of recruiting for a variety of purposes: to attract high quality youth, to steer recruits into “hard-to-fill” and critical skills, to even-flow the training base through seasonal use, to encourage enlistment for longer terms, and to reward advanced education. Raising the cap will give the Services more flexibility in combining the uses of the bonus by encouraging particularly high quality potential recruits to enlist for longer terms in critical skills and enter active duty when most needed.

The second provision authorizes a one-year pilot test allowing the Army to offer a referral bonus to existing soldiers. This bonus would be paid for referring an applicant who subsequently enlists and completes initial entry training.

Effect on Families

In a recent speech, President Bush stated, “The time of war is a time of sacrifice, especially for our military families.” This administration is sensitive to the hardships and challenges faced by Reserve Component families, especially when the Reserve

Component member is called up and away from home for an extended period of time.

All families play a critical role in retention and reenlistment decisions.

We have taken an aggressive, total force approach to supporting military families. We recognize that many families of National Guard and Reserve members do not live close to a military installation where many of the traditional family support activities are located. To address this problem, we have established over 700 family support centers around the country. In fact, the National Guard alone has over 400 family support centers. These family support centers are not component or service specific, but they are available to the family of any service member, regardless of component or service.

For the first time ever, the Department has implemented a 24-hour/7 day a week toll-free family assistance service—Military OneSource. The support provided through this service is particularly important for young families or families of reservists who are not familiar with military service. Military OneSource can assist with referrals for every day problems such as child care and how to obtain health care.

We are also taking maximum advantage of technology—using the worldwide web to provide information that will help families cope with the mobilization and deployment of their spouse, son, daughter, brother, sister, relative or friend. The website includes a “Guide to Reserve Family Member Benefits,” which is designed to inform family members about military benefits and entitlements, and a “Family Readiness Tool Kit,” which provides information to assist commanders, service members, family members and family program managers in preparing Guard and Reserve members and their families for mobilization, deployment, redeployment/demobilization and family reunions.

Reserve Component Health Benefit Enhancements

The Department is moving forward expeditiously to implement recent benefit enhancements for Reserve component members and their families. Recent legislative action dramatically improved health benefits. You have made permanent an earlier TRICARE eligibility (up to 90 days prior to activation) for certain Reserve component members and the extension of post-mobilization coverage for 180 days.

In April of this year the Department implemented the premium-based “TRICARE Reserve Select” program, offering medical coverage to Reservists and family members who have participated in contingency operations since 9/11 and who will commit to continued service in the Selected Reserve. DoD will offer the same coverage available to active duty families under TRICARE Standard, the fee-for-service option of TRICARE. This coverage was originally modeled on Blue Cross and Blue Shield High Option coverage in the Federal Employee Health Benefits (FEHB) Program, and is comparable to many high-quality commercial plans. The statute requires that premiums be set at 28 percent of an amount determined to be reasonable for the coverage. DoD will use the premiums for Blue Cross and Blue Shield Standard option under the FEHBP and adjust them to reflect our population.

Taking care of our servicemembers who have been wounded in combat or may experience adverse psychological effects of war is one of our highest priorities. To complement and augment service programs such as the Army’s Disabled Soldiers Support System (DS3), and the Marine Corps’ Marine for Life (M4L), OSD has opened the Military Severely Injured Joint Support Center. This center is a 24/7 operation to

serve as a safety net for any service member or family member who has a question or who is experiencing a problem.

Effect on Employers

The mission of the National Committee for Employer Support of the Guard and Reserve (ESGR) is directly related to retention of the Guard and Reserve force. ESGR's mission is to "gain and maintain active support from all public and private employers for the men and women of the National Guard and Reserve as defined by demonstrated employer commitment to employee military service." Employer support for employee service in the National Guard and Reserve is an area of emphasis given the continuing demand the Global War on Terror has placed on the nation's Reserve component and the employers who share this precious manpower resource. We should state up front that the broad-based, nationwide support for our troops by employers has been and continues to be superb. We owe all of our employers a debt of gratitude.

One can grasp a sense of the enormous challenge facing ESGR by considering the following aggregate numbers, which help us understand our dynamic and complex human resource environment. There are 7.4 million employers identified by the U.S. Census Bureau. These employers, from the senior leadership, to the human resource managers, and down to the supervisors, must understand, observe, and apply the tenants of the Uniformed Services Employment and Reemployment Rights Act (USERRA). Towards that end, ESGR has established a Customer Service Center hotline (800-336-4590) to provide information, assistance and gather data on issues related to Reserve Component members' employment. We established the Civilian Employment

Information (CEI) database requiring Reserve Component members to register their employers in the Defense Manpower Data Center. The synergy derived from linking these databases enables ESGR to measure and manage employment issues.

Misunderstandings between employers and Reserve Component members do arise. ESGR Ombudsmen provide "third party assistance" and informal mediation services to employers and Reserve Component members. Ombudsmen provide assistance in the resolution of employment conflicts that can result from military service. ESGR has an initiative to train volunteers in mediation techniques to provide more effective service. Mediation training will be expanded when additional resources are available.

Other major initiatives by the ESGR National Staff include:

- Establishing a Defense Advisory Board (DAB) for Employer Support (comprised of senior leadership from the entire spectrum of the employer community) to provide advice on issues critical to shared human capital.
- Transitioning non-warfighting military billets on ESGR staff into DoD civilian positions or contractors in accordance with Secretary of Defense's military transformation initiative.
- Employing information technology systems to create ESGR volunteer manpower efficiencies.
- Initiating a scientific survey of employer attitudes in cooperation with the Uniformed Services University of the Health Sciences.

- Enhancing strategic relationships with employer organizations such as the U. S. Chamber of Commerce, National Federation of Independent Business, Society for Human Resource Management, and professional associations.
- Implementing a follow-up process to promote the mission of “gain and maintain” employer support by encouraging employers to sign a statement of support, review their human resource policies, train managers and supervisors, adopt “over and above” policies, and to become advocates.
- Building on marketing successes achieved in the Civic National Employer Outreach program, involved nine governors, two senators, 19 mayors, 17 Adjutants General and exposed ESGR to well over 250,000 employees.
- Gaining significant national exposure in traditional and new media with the singular focus of defining the American employers’ role in national security.

Additional Opportunities to Support Our Efforts

Today’s environment poses recruiting and retention challenges for our All-Volunteer Force. The pressures of high operational tempo, especially in High Demand Low Density Units in support of GWOT, a scarcity of prior service recruits, and a rapidly recovering business climate have made it difficult to achieve Reserve component recruiting goals. I appreciate your efforts to help us help ourselves, but we still need your help in many different ways.

If you can see your way clear to do so, I would encourage each of you to communicate to your constituents the value of Service before Self. Our Nation has, as part of its foundation, this underlying principle. Yet, some within our country are calling into question the “Duty-Honor-Country” affirmation that helped to establish our democracy. The formative, long-lasting effect Military Service has had on many of our leaders; to include Presidents, judges, legislators, industrial leaders and educators, is evident and appropriate. However, the “propensity to enlist” numbers have been dropping and must be reversed for us to succeed.

The Department is trying to highlight the value of military service by developing a public affairs campaign focusing on bolstering patriotic fervor. It will be aimed at Mom and Dad, and Grandma and Grandpa, of that “Greatest Generation,” to heighten the awareness and value of military service. If we can target parents, grandparents and others to influence the support of their children’s and grandchildren’s decision to serve, we will have “turned the corner.” We must be successful in this effort to ensure our ability to recruit and retain the best and brightest in the call to service, and ensure the relevance and continuance of our All-Volunteer Force.

Conclusion

Mr. Chairman, and members of the subcommittee, a mission-ready National Guard and Reserve is a critical element of our National Security Strategy. The requirements thrust upon our Reserve Components have not, and will not lessen. Our Reserve Components will continue with their expanded roles in all facets of the Total

Force, but we must be able to recruit and retain those men and women required to carry out that Strategy.

At the same time, we cannot lose sight of the need to balance their commitment to Duty-Honor-Country with their commitment to family and civilian employers. That is why relieving stress on the force is absolutely essential, rebalancing is so crucial, and recruiting and retention are so critical.

Thank you very much for this opportunity to testify on behalf of the greatest Guard and Reserve force this nation, and the world, has ever known.