

STATEMENT OF
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Mr. Chairman and Members of the Committee:

Thank you for the opportunity to appear today to discuss the recruiting and retention status and challenging issues facing America's Army. We look forward to working with you to ensure that the personnel needs of the Army of the 21st century are met. The Transformation of the Army continues and we are excited about the challenges that lie ahead. With your help, we firmly believe we can ensure the Army remains the absolute best in the world. Briefly, we'd like to discuss some of our

Enlisted Recruiting

The Army achieved its recruiting goal in all three year 2000. The FY2000 recruiting goal was fully achieved for all three components – an achievement realized only twice over the 1990s. For fiscal year 2001, we expect to successful years in all components in two decades. These successes do not come easy or cheap. A large part of our success is due to the help this Committee has

As the Army begins its transformation, we are continuing our efforts to improve our recruiting practices and develop innovative solutions and business processes more

recruiting effort that is able to connect to the youth of America using a modern with a carefully selected and professional sales force that is supported by credible research,

We are continuing to shift our focus from our traditional high school senior market to greater emphasis in the college and high school graduate markets. As a result, we

who have already completed high school, we have been able to fill near-term training seats at our training installations better than ever before. This shift in recruiting focus

Delayed Entry Program (DEP) losses. The number of enlistees with some college education has likewise increased, providing us with soldiers able to meet the demands

enlisted over 8,000 soldiers with some level of post-secondary education. Of those, over 800 had an Associate's Degree, over 2,000 had a Bachelor's Degree, and over

We have repositioned our recruiting force to match population shifts, more effectively connect with our market, and position ourselves for success. In fiscal year

24% more recruiters and associated facilities into the southwestern states and more than 36% additional recruiters and facilities in the West Coast states. In fiscal year

Assistance Program, going back to their hometowns to provide personal testimony on a

peer-basis about their experiences in basic training and Army life. We continue to emphasize this connection of Army soldiers back to their community. They provide leads for our recruiters, which result in enlistments, but they also provide a known face of the Army back into the youth of their community. Additionally, we continue to allow soldiers with as little as four years in the Army to serve as recruiters, again strengthening our connection with the youth of America.

We will continue to leverage the growth of technology in automating the recruiting force. We've modernized our job placement system Army-wide, giving us better visibility of job availability, allowing us to offer a greater variety of enlistment packages and options to enlistees, and reducing the processing time for our applicants. As a result, we have substantially reduced the number of applicants who are qualified to enlist but decide not to accept available options. Likewise, the enhancements associated with the fielding of the laptop computers to our recruiting force are showing positive results. Greater appeal with the improved video sales presentation, reduction in the number of enlistment packet errors through one-time data entry capability, and expanded use of the Internet for college and high school recruiting are all beginning to prove effective.

Closely linked with our improvements in automation is our exploitation of the capabilities and opportunities offered through the Internet. In fiscal year 2000 we had more than 3,000,000 visitors to our web site, providing us with over 90,000 follow-up opportunities (recruiter leads). Our 'cyber-recruiters' corresponded with more than 30,000 chat users visiting our chat room, generating over 7,000 follow-up e-mail

messages. Our enlistment contract per lead rate for leads from the Internet is higher than all other lead sources.

In FY00, Senior Army Leadership decided on and authorized improvements to the Army's recruiting marketing effort. To this end, extensive efforts took place by RAND, Yankelovich and Leo Burnett to conduct quantitative research to understand youth. Additionally, the Army selected a new Advertising Agency (Leo Burnett) and created a new Army Marketing Brand Group, drawn from the leading private-sector marketing companies. On 11 January 2001 we implemented a new recruiting campaign based on this research. Army leadership's decision to head in a new direction has already resulted in the following major accomplishments with the new Army advertising partnership: Army brand identification, a strategic business plan, a communications strategy, a new Army slogan, an Army logo, three new television commercials in 45 days, use of the Internet as a focal point for Army advertising, and a basic training web series. The campaign is designed to drive youth to the Army's web site. The expansion and redesign of www.goarmy.com allows us to offer more information for web users to surf, click, see and hear. This campaign is based on extensive quantitative research conducted by RAND, Yankelovich, and Leo Burnett to understand the current youth market. It tackles, head on, the basic misconceptions that hinder recruiting --- that the Army is not a place I want to be. The marketing plan recognizes the Army's on-going dual needs, putting people in boots now and improves long-term recruiting propensity and accessions by getting the Army into a young person's consideration set. Qualitative research among our target audience indicates they understand the campaign. Daily web site visits are up (+103%), on-line cyber-recruiter contacts are up (+92%), leads

generated on the web site are up (+69%), and 800# call volume remains strong (+7%). We expect this to generate increased contracts in the coming months.

The Army has clearly made recruiting a top priority. The leadership's willingness to provide the resources and support needed to improve the packaging of the Army product has greatly contributed to our success. In addition, under the leadership of Training and Doctrine Command the school commandants have been mobilized to support recruiting resulting in the significant increase to the hometown recruiter program. Additionally, the entire Army has engaged in "reconnecting with America" by sending teams of soldiers with equipment displays to hometowns across America.

Today's young men and women have more employment and educational opportunities than ever before. Competition for these young people has never been more intense. The Army must have competitive incentives to make service to our country an attractive option. To that end, we've developed programs we think will attract high quality young men and women. The potential impact of these programs is broad-based and far-reaching. The recruit, colleges, private industry, the Army, and the nation will all benefit from a better educated, highly skilled Army of opportunity that returns a disciplined, mature citizen back to society.

Announced in June 2000, the Partnership for Youth Success (PaYS) program consolidates Army and industry recruiting efforts into a partnership that is cooperative rather than competitive. When a new soldier enlists under this program, he or she can choose from 94 job skills offered by the Army and needed by industry, receive accredited certification in that job skill, and upon successful completion of their term of

service, receive preferential hiring status with a participating corporation in need of that skill.

The Army's high school completion program or GED plus offers high quality young people who have not completed their high school education, but score high on the Armed Services Vocational Aptitude Battery and the Assessment of Individual Motivation test and are otherwise qualified, the opportunity to gain their GED and then enlist in the Army. We expect this program to pay big benefits not only to the new soldiers, but also to the Army and the Nation as well.

Geared toward vocational or junior college interests, the College First program offers high school graduates an opportunity to attend two years of college before joining the Army. The Army provides enlistees in this program with a monthly stipend during their time in college in exchange for a commitment to service upon graduation. Even though research shows this is precisely the type of option that youth are looking for, response to the program during its first year has been very low (less than 250 contracts). The stipend that we are allowed to pay is only \$150 per month, and we are finding that it is not enough of an incentive to cause youth to commit. We have some proposals on how to address this problem to make this a viable program as we continue to increase our presence in the college market.

The Army, with congressional assistance, has resourced most recruiting requirements in fiscal year 2001. The new ad campaign has \$25 million in FY01 unfunded requirements. The Army is currently reviewing ways to fund this critical program. In addition, these new programs initiated to increase the likelihood of success in fiscal years 2000 and 2001 have had residual impacts on the out-year

budgets. We will expect to fund recruiting at a level that will ensure success in a challenging environment.

Business practices, incentives and advertising are a part of recruiting but our most valuable resource is our recruiters. Day in and day out, they are in the small towns and big cities of America and overseas, reaching out to young men and women, telling them the Army story. We have always selected our best soldiers to be recruiters and will continue to do so. These soldiers have a demanding mission in making their individual goals. We owe it to these recruiters and their families to provide them the resources, training and quality of life environment that will enable them to succeed. The Army appreciates your continued support for recruiting programs and also your support for improving the quality of life of our recruiting force.

Enlisted Retention

The Army's Retention Program continues to be a success story in this very challenging and demanding environment. The focus of our program is to sustain a trained and ready force that operates around three basic tenets:

- Reenlisting highly qualified soldiers who meet the Army's readiness needs,
- Enlisting or transferring qualified transitioning soldiers into a Reserve Component,
- Maintaining maximum command involvement at every echelon of command.

Ensuring that a viable and dynamic retention program continues is critical to the sustainment of the Army. Our retention efforts continue to demand careful management to ensure that the right skills and grades are retained at sufficient levels that keep the Army ready to fulfill its worldwide commitments. Our Selective Retention Budget

continues to provide the leverage, which ensures a robust and healthy retention program.

Over the past few years, because of the difficult recruiting environment, retention has played an even greater role in sustaining the necessary manning levels to support our force requirements. Last year both our recruiting and retention efforts were highly successful. It was the first time in the past three years when both of these programs met or exceeded their goals, which will in turn provide more soldiers in support of both our manning initiatives and transformation plans. None of this could have been possible without the concerted effort of commanders in the field and their Career Counselors, who are the backbone of our retention efforts.

This year we will have a retention mission that reflects only a slightly lower percentage of soldiers necessary to sustain the force than in FY00, given the reduced eligible population that now is coming into the reenlistment window. We will have to sustain relatively high levels of retention for the next several years as under-assessed cohorts move into the retention window.

The ultimate success of our retention program is dependent on many factors, both internal and external to the Army. External factors that are beyond our ability to influence are; the economy, the overall job market, and the world situation. While we continue to be enthusiastic about the healthy economy and the rapidly expanding job market, we are also aware that these factors weigh heavily on the minds of soldiers when it becomes time to make reenlistment decisions. Our force today is more family based, and spouses, who are equally affected by these external factors, often have great influence over those decisions. Also more and more of our spouses have careers

of their own and are reluctant to remain in an organization that is very fluid. The internal factors that we all have a hand in influencing are; benefit packages, promotions, the number and length and uncertainty of deployments, adequate housing, responsive and accessible health care, and attractive incentive packages which include reenlistment bonuses. Not all soldiers react the same to these factors; it continues to be a challenge facing our commanders and their Career Counselors to provide the right package of incentives to qualified soldiers that make them want to remain part of our Army.

Our incentive programs provide both monetary and non-monetary inducements to qualified soldiers looking to reenlist. The Selective Reenlistment Bonus, or SRB, offers a monetary incentive to eligible soldiers, primarily in the grades of Specialist and Sergeant, to reenlist in skills that are critically short or that require exceptional management. The Targeted Selective Reenlistment Bonus program, or TSRB, focuses on eleven CONUS installations and Korea where pockets of shortages exist in certain military occupational specialties (MOS). Commanders like the TSRB program since it also acts as a stabilizing force within many of our operationally critical installations. The TRSB pays a reenlisting soldier a higher amount of money to stay on station at a location in the program or to accept an option to move there. Both of these programs, which are paid for out of the same budget, play key roles in force alignment efforts to overcome or prevent present shortfalls of junior non-commissioned officers (NCOs) that would have a negative impact on the operational readiness of our force. We use the SRB and TSRB programs to increase reenlistments in critical specialties such as Infantry, Special Forces, Intelligence, Communications, Maintenance and Foreign Languages.

Non-monetary reenlistment incentives also play an important role in attracting and retaining the right soldiers. We continue to offer assignment options such as current station stabilization, overseas, and CONUS station of choice. Training and retraining options are also offered to qualified soldiers as an incentive to reenlist. By careful management of both the monetary and non-monetary incentive programs, we have achieved a cost-effective balance that has been proven effective in sustaining the career force.

The Army executes its retention mission through a network of highly dedicated, and experienced professional Career Counselors who serve at the Brigade, Division, Corps and MACOM level. They are supported by unit level personnel who provide retention support to their units as an additional duty. Career Counselors and Unit Reenlistment NCOs are directly responsible for making the Army's retention program successful.

The Army's retention program today is healthy. We anticipate reenlisting 66,000 soldiers against a mission of 64,000 during FY01. Our FY01 Reserve Component Transition Program is also successful. By the end of the year, we expect to transfer 10,600 active duty soldiers into the Reserve Component units against a mission of 10,500.

Despite these successes there continue to be concerns surrounding the direction and future success of the retention program. Support skills, which require language proficiency, signal communications, information technology, and maintenance present a significant challenge caused by those external factors mentioned earlier: the economy and growing job market. Civilian employers actively recruit soldiers with these skills

wherever they are assigned. They offer bonuses and benefit packages that we simply can not match under current bonus allocation rules and constrained budgets. The Army Retention Program is healthy in the aggregate, however, we continue to be concerned with retaining the right numbers of soldiers who possess these specialized skills.

The success of our retention program continues to rest on the shoulders of unit commanders, leaders and our retention professionals throughout the Army. Our concerns for fiscal year 2002 and beyond centers around the momentum that was initiated in the Congress last year to improve the lives of our soldiers through improved pay, full funding of our Selective Reenlistment Bonus Program, and the pay table reform initiative. There is still a perception throughout the force that benefits have eroded over time, particularly in the areas of health care, housing, educational opportunities, continued availability to bonus money, and the impact of frequent deployments. That perception is an important one, and should give both the key leaders within our Army and members of congress a common point in which to proceed in addressing these concerns.

Army University Access Online

The Army University Access Online (AUAO) Program is a major new Army initiative designed to offer soldiers access to a wide variety of online post-secondary programs and related educational services via a comprehensive educational portal, www.eArmyU.com. By leveraging technology, AUAO enables enlisted soldiers to complete certificate and degree requirements “anytime, anyplace,” thus making it possible for all soldiers to fulfill their personal and professional educational goals while

simultaneously building the technology, critical thinking, and decision-making skills required to fully transform the Army.

The Army currently provides 100 percent funding for all student costs, including tuition and fees, a laptop computer and printer, Internet access tutoring and course materials. As of the March registration, there were over 800 courses available from 20 academic institutions. This number is expected to grow over the contract years.

To participate, soldiers are required to have three years remaining on their enlistment before enrolling, and they must complete 12 semester hours during the first two years of participation or reimburse the Army the prorated cost of the technology package. Based on our experience at the three initial installations where the program has been implemented – Forts Benning, Campbell, and Hood – AUAO is proving to be a successful retention incentive. Of the nearly 4,500 soldiers who have signed up, 625 reenlisted or extended to qualify for participation. We are recommending that this program be extended Army-wide. In addition, it has the potential to offer educational opportunities to other the other Services, as well.

Officer Recruiting and Retention

The Army finished FY 2000 with officer end strength at 76,667. This is 1,133 below our budgeted end strength of 77,800. We are closely monitoring officer retention rates, particularly at the grade of captain. Due course company grade loss rates remain about 1% higher than pre-drawdown (1987-1988) loss rates and are exacerbated by constrained accession cohorts during drawdown years. The impact of the captain shortage forecasted for FY 2001 (2,748 captains) is largely offset by a lieutenant overage (3,242 lieutenants), so that in the aggregate, we will finish with a shortage of

380 company grade officers in the Army Competitive Category. There are certain experiential factors, however, that cannot be offset. The Army has programmed for an increase to 4,100 lieutenant accessions in fiscal year 2001 and to 4,300 in fiscal year 2002, and to 4,500 in fiscal years 2003-2005 to support immediate and future officer requirements.

Junior officer career expectations and patterns are impacting retention. They include comparisons of Army career requirements with the civilian sector and Service impacts on personal and family life (PERSTEMPO). Administration and Congressional support on REDUX and pay table reform serve to redress the pay issues. Additional initiatives to increase retention include reviewing the timing and integration of officers into the Regular Army, reviewing force structure at the grade of captain, strict enforcement of active duty service obligations, selectively continuing (SELCON) twice non-selected captains for promotion to major, and a voluntary recall of captains to active duty.

We will continue to promote to captain at or above the DOPMA goal of 95%, and are currently promoting all fully qualified lieutenants to captain at 42 months time in service. We will need Congressional support to obtain authority to temporarily reduce promotion point for Captain to 36 months to correct the readiness impacts that our Captain shortage is having on the force.

Army initiatives to improve retention among its warrant officer AH-64 (Apache) pilot population have curbed attrition rates from 12.9% in FY97 to 8.9% in FY00. Last year we offered aviation continuation pay to 596 eligible officers, of which 541 accepted

(91% take rate). Additionally, we have recalled 150 pilots since 1997, and have 34 Apache pilots serving on active duty in SELCON status.

The loss rate for Army Competitive Category colonels and lieutenant colonels has remained steady at 19.8% and 13.2% respectively. This is slight decrease from FY99 for both grades. The years of service that these grades are leaving at has actually increased. Colonels are departing at 28.9 years of commissioned service, and lieutenant colonels depart at 22.5 years of commissioned service. This is an increase in service from FY98 of one year for colonel and four months for lieutenant colonel. The Army is forecasted to finish FY 2001 short 221 colonels and 529 lieutenant colonels in the Army Competitive Category.

Closing Statement

The success, prosperity, and security of the United States today establishes the most challenging environment for Army recruiting in the past 30 years. Over the coming years, we face unprecedented challenges in shaping and transforming the Army of the 21st Century. We are up for the challenge and will do everything we can to succeed. We believe that the Army has laid the framework for success and is on the right track. Your continued support is essential in setting the conditions for future success.