

**NOT FOR PUBLICATION UNTIL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

**STATEMENT OF
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CHIEF OF NAVAL PERSONNEL
AND
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(MANPOWER, PERSONNEL, TRAINING & EDUCATION)
BEFORE THE
SUBCOMMITTEE ON MILITARY PERSONNEL
OF THE
HOUSE ARMED SERVICES COMMITTEE
ON
FISCAL YEAR 2010 BUDGET REQUEST**

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INTRODUCTION

Chairman Davis, Representative Wilson, and distinguished members of the House Armed Services Committee, it is a pleasure to have the opportunity to review our FY10 active and reserve budget requests for Manpower, Personnel, Training, and Education (MPTE) programs in support of our Navy Total Force and their families.

Our Sailors and Navy civilians are the critical component to the Navy's Maritime Strategy. To support the Fleet and the joint force, we are committed to providing the right person with the right skills, at the right time, and at the best value.

Since 2003, Navy's active component (AC) end strength has declined by approximately 10,000 per year. While end strength declined, we have increased operational availability through the Fleet Response Plan, supported new missions for the joint force, and introduced the Maritime Strategy. This increased demand includes maritime interdiction, riverine warfare, irregular and cyber warfare, humanitarian and disaster relief, an enduring individual augmentee mission in support of overseas contingency operations (OCO), and now, counter-piracy.

The Navy Reserve has also experienced reductions in end strength by approximately 3,500 per year since 2003, most of which were realized between FY04 and FY06 as a result of an extensive Zero Based Review (ZBR) as part of Active Reserve Integration. The Selected Reserve (SELRES) continues to deliver operational support capabilities and is an integral part of the Total Force, supporting the immediate mobilization manpower requirements for critical OCO missions and providing the strategic depth required to sustain the joint warfighting needs of the combatant commanders.

To meet increased demands, maintain required Fleet manning levels with minimal risk, and minimize stress on the force, we have transitioned from a posture of reducing end strength to

one of “stabilizing the force.” This transition was supported by the Secretary of the Navy with authorization to over-execute end strength in FY09 within two percent above our authorized level of 326,323. This over-execution created a fiscal shortfall that is being internally mitigated through a number of measures, including delaying permanent change of station (PCS) moves for up to 14,000 Sailors for the remainder of FY09; freezing all civilian hires within the MPTE organization through the end of FY09; reducing Officer Candidate School (OCS) accessions in FY09; reducing the FY09 recruiting advertising budget; and reducing Operations and Maintenance (OMN) funding associated with training and education commands for the remainder of the fiscal year. We continue to assess options to restore funding, and should funding become available, we will restore these programs to the greatest extent possible.

Our FY10 active and reserve budget requests provide the foundation to attract, recruit, develop, assign, and retain a highly-skilled workforce for today and the future. Our active budget request of \$27.1B consists of \$25.5B for Manpower Personnel Navy (MPN) and \$1.6B in related OMN. This reflects a \$1.4B increase in MPN and \$103.2M decrease of associated MPTE OMN compared to last fiscal year. Our reserve budget request consists of \$1.9B for Reserve Personnel Navy (RPN) and \$7.3M in related Operations and Maintenance Navy Reserve (OMNR). This reflects an \$82M increase in RPN and a \$1.2M decrease of associated MPTE OMNR compared to last fiscal year.

Additionally, we are seeking Congressional support for funding to support overseas contingency operations (OCO). We will continue to stabilize the force with respect to end strength while balancing seniority, skills, and experience to meet Fleet and joint requirements and develop our capabilities to respond to new and emerging mission areas, such as cyberwarfare, missile defense, and anti-submarine warfare, within our fiscal authorities. Our

budget request represents a measured and calculated approach to supporting our Sailors, their families, and Navy civilians and providing our nation the best Navy at the best value.

END STRENGTH

Our FY10 active budget request supports an end strength of 328,800. This includes \$25.5B in the baseline budget for 324,400 AC personnel to support Fleet requirements, OCO core and adaptive core missions, and the initial restoration of the Defense Health Program (DHP) military-to-civilian conversions. Our FY10 OCO funding request includes \$364M to fund 4,400 Sailors in training and as direct enablers supporting the joint force in non-traditional missions such as detainee operations, civil affairs, provincial reconstruction, and customs inspection. To maintain Fleet readiness, support Combatant Commanders, and preserve tone of the force, we request your support for resources to support this operational demand.

Our FY10 reserve budget request supports an end strength of 65,500. This includes \$1.9B in the baseline budget and a FY10 OCO funding request of \$39M. Through the baseline budget and the OCO, our reserve force will continue to provide invaluable support as part of the Total Force.

RECRUITING AND RETENTION

Navy has been successful in attracting, recruiting, and retaining a diverse and technical workforce this fiscal year. The FY10 active budget of \$829.2M and reserve budget of \$148.8M position us to continue that success through FY10 with targeted investments in critical skill areas.

Recruiting

As demand for a professional and technically-trained workforce increases in the private sector, Navy must remain competitive in attracting and recruiting the nation's best talent to

remain responsive to the joint force. The FY10 active budget requests \$394M, which includes accession incentives, advertising, and recruiting support for 5,413 AC and RC recruiters at over 1,468 stations across the country. In response to the current recruiting environment, the advertising budget was reduced by over \$14M, while growth of \$7.6M occurred in accession incentives for critical skills that have remained relatively insulated from current economic conditions, resulting in a net reduction of \$6.4M. This budget supports continuing efforts to implement innovative programs, policies, and incentives that target critical skills and maintain our position as an employer of choice.

Health professionals, nuclear operators, and special warfare remain my recruiting priorities this fiscal year. The budget request of \$394M includes \$141.5M in bonuses, special pays, and incentives to ensure we remain successful in meeting our overall goals and in particular, these critical skill areas. This amount includes \$5.4M in nuclear accession bonuses (officer and enlisted), representing an increase of \$60K from FY09. Overall enlistment bonuses will remain steady at \$106M in response to the current economic conditions. To support the increased demand for health professionals, accession goals across all of the medical communities were increased by a total of 48. Additionally, the budget requests \$8.6M for medical community bonuses, special pays, and incentives (including \$950K for dentists), representing an increase of \$2.7M from FY09.

The FY10 reserve budget requests \$99.4M for recruiting incentives, including \$60.9M for enlistment bonuses and \$49.4M for medical recruiting programs. The \$49.4M for medical recruiting programs includes \$43.7M for the Armed Forces Health Professions Scholarship Program (AFHPSP), \$4M for the medical Financial Assistance Program (FAP), and \$1.7M for

the Nurse Candidate Program (NCP). These amounts represent an \$8M decrease in reserve incentives and a \$10.7M increase in medical recruiting programs from FY09.

The active and reserve budgets support our recruiting force in meeting our overall goals for both the enlisted and officer force in FY10.

Retention

The comprehensive benefits provided to our service members, combined with the current economic conditions, have resulted in higher retention and lower attrition. We are currently on track to meet our FY09 overall officer and enlisted retention goals, and we expect this success to continue through FY10. However, we remain focused on retaining high-performing Sailors in critical skill areas such as nuclear operators, special warfare/special operations, and the health professions. Our FY10 active budget requests \$435.2M, an increase of \$7.9M, to support targeted investments in these areas, primarily through various incentives, bonuses, and special pays. This request includes \$170M for new Selective Reenlistment Bonus (SRB) contracts, the same level as FY09, to support retention efforts across the enlisted force, especially first-term nuclear operators and Sailors in the special warfare communities.

Additionally, this request includes \$67M, an increase of \$1.5M, for special and incentive pays to retain health professionals. Medical community retention continues to improve, largely due to competitive incentives and bonuses. However, given their high demand in the civilian sector, select subspecialties continue to require attention to enable us to meet our goals in FY10. These include: dentistry, clinical psychology, social work, psychiatry, general surgery, and perioperative nursing.

The FY10 reserve budget requests \$15.7M for retention incentives, which include a SELRES Reenlistment Bonus and an Officer Retention Bonus. The SELRES Reenlistment

Bonus of \$12.3M has decreased \$1.2M from the FY09 amount. The Officer Retention Bonus of \$3.4M is new in FY10 and will target our high OCO demand skillsets.

Our FY10 budget requests will enable us to meet our retention goals in FY10 and position us for success in future years as the economy improves and demand for these critical skill sets remains high. We will continue to monitor retention and will adjust monetary incentives, as necessary, to match observed retention behavior.

LEARNING AND DEVELOPMENT

Education and training are strategic investments in Navy's Total Force, enabling us to retain our asymmetric advantage by developing a highly-skilled, combat-ready force to meet the demands of the Maritime Strategy and the joint force. The FY10 active budget of \$1.2B represents an overall reduction of \$90.3M. A significant portion of this reduction (\$86M) comes from specialized skills training, primarily within our learning centers. We remain committed to supporting the ongoing professional development of our Sailors and officers with high-quality education and training programs. However, we will be challenged to balance existing education and training requirements with growth in important mission areas such as cyber warfare, missile defense, and anti-submarine warfare.

As we continue our support of humanitarian assistance and OCO around the world, cultural, historical, and linguistic expertise and Joint Professional Military Education (JPME) remain essential to fostering relationships with our global partners and enhancing our ability to effectively execute missions in multi-service, multi-agency, and multinational environments. The FY10 active budget supports ongoing efforts to integrate Language, Regional Expertise, and Culture (LREC) across the force, including the continued growth of the AC and RC Foreign Area Officer (FAO) program and the activities provided by the Navy's Center for Language,

Regional Expertise, and Culture (CLREC), language immersion training opportunities, and a Foreign Language Proficiency Bonus (FLPB) to incentivize foreign language proficiency. Additionally, the budget provides continuing support for approximately 685 in-resident and 3,300 distance learning JPME opportunities.

Navy draws its strength and innovation from the diversity of the nation. Increasing accessibility to emerging talent markets will be a key determinant of our ability to remain effective, relevant, and competitive in an increasingly challenging environment. The FY10 budget for Naval Reserve Officer Training Corps (NROTC) enables us to support the expansion of NROTC to Arizona State University in FY10. Additionally, we are expanding opportunities for foreign language and cultural skills across all NROTC units to provide a strong foundation for future officers to be successful in joint and multinational environments.

SAILOR AND FAMILY SUPPORT

The FY10 active budget requests \$148.4M, an increase of \$9.2M from FY09, to support our enduring commitment to AC and RC Sailors and their families including a comprehensive “continuum of care” that addresses all aspects of individual medical, physical, psychological, and family readiness and “best in class” programs and policies to promote life-work integration.

Over the past year, Navy Safe Harbor has expanded its mission to non-medical support for all seriously wounded, ill, and injured Sailors, Coastguardsmen, and their families, increasing its capabilities with the establishment of a headquarters element to support Recovery Care Coordinators and non-medical care managers covering 15 locations. The FY10 active budget supports our continuing efforts to provide a lifetime of exceptional, individually tailored assistance to our wounded, ill, and injured, optimizing the success of their recovery, rehabilitation, and reintegration activities.

Recognizing the unique medical and administrative challenges faced by our reserve wounded Sailors when they return from deployment, we established two Medical Hold Units responsible for managing all aspects of care for reserve Sailors in a Medical Hold (MEDHOLD) status. Co-located with military treatment facilities in Norfolk and San Diego, these units are led by line officers with senior medical officers supporting them for medical issues. Under their leadership, case managers serve as advocates who proactively handle each Sailor's individualized plan of care until all medical and non-medical issues are resolved. Through this centralized process, we have reduced the numbers of Sailors in the MEDHOLD process and the length of time required to resolve their cases. The RC MEDHOLD program has become the single, overarching program for providing prompt, appropriate care for our reserve wounded Sailors. Additionally, the Psychological Health Outreach program, implemented in July 2008, targets RC Sailors returning from deployment who face unique reintegration challenges which can exacerbate deployment-related psychological injuries. The program serves as a "safety net" for RC Sailors and their families who are at risk for not having their stress injuries identified and treated in an expeditious manner.

The Returning Warrior Workshop (RWW), first established in January 2007, provides first rate support for the Navy's AC and RC Sailors and their families. The RWW is designed to identify problems, encourage members to talk about their experiences, direct family members to resources, improve the mobilization/demobilization process, and honor the sacrifices of attendees. Since January 2007, over 1500 service members and 1150 family members have attended one of 22 workshops. An additional 28 workshops are scheduled through July 2010.

The Operational Stress Control (OSC) program provides a comprehensive approach designed to promote psychological resilience and sustain a culture of psychological health

among Sailors and their families. To date, basic OSC awareness training has been provided to over 16,000 Sailors at various locations around the country. The FY10 active budget supports efforts to fully institutionalize the OSC program, including the development and delivery of formal curriculum at key nodes of training throughout the career of a Sailor, from accession to flag officer. This also includes a continued emphasis on suicide prevention and support for those with Post Traumatic Stress Disorder (PTSD). We continue to develop and enhance programs removing the social stigma of seeking help, targeting substance abuse prevention, personal financial management, positive family relationships, physical readiness, and family support programs - all of which reduce stress on individuals.

We have learned that flexibility is one of the keys to retaining our younger Sailors. The FY10 active budget supports a number of initiatives designed to promote career flexibility. The Career Intermission Pilot Program allows 20 officers and 20 enlisted members annually the opportunity to transfer from the AC to the Individual Ready Reserve (IRR) for up to three years. Participants maintain medical and dental benefits, along with a small stipend, in exchange for a return to service for an obligated amount of time. Additional initiatives we are incorporating into the force include telework, compressed work schedules, and a virtual command pilot program, which provides an opportunity for a small initial group of officers to fill career-enhancing positions while maintaining geographic stability.

As previously stated, to remain within our fiscal authorities in FY09, we have delayed PCS moves until the first quarter of FY10, affecting up to 14,000 Sailors. Maintaining the \$791M for PCS moves in the FY10 active budget is critical to ensuring stability and predictability for Sailors and their families. We are also working closely with the Office of the Secretary of Defense to ensure that members whose PCS moves have been deferred to FY10

retain the ability to participate in the expanded Housing Assistance Program (HAP) recently approved by Congress.

CONCLUSION

Our mission remains to attract, recruit, develop, assign, and retain a highly-skilled workforce for the Navy. We continue to:

- Align the personal and professional goals of our workforce with the needs of the joint force, while ensuring the welfare of our Sailors and their families
- Deliver a high-performing, competency-based, and mission-focused force to meet the full spectrum of Joint operations
- Provide the right person with the right skills at the right time at the best value to the joint force.

Our FY10 active and reserve budget requests support the critical programs that will ensure continued success in delivering the human component of the Maritime Strategy and key capabilities for the joint force. On behalf of all the men and women in uniform who sacrifice daily and their families who faithfully support them, I want to extend my sincere appreciation for your unwavering support for our United States Navy. Thank you.