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Reforming the American Military Officer Personnel System

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RAND Office of External Affairs

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The RAND Corporation

Reforming the American Military Officer Personnel System²

Before the Committee on Armed Services
United States Senate

December 2, 2015

The military personnel system in place today is fundamentally the same one put into place after World War II, with minor modifications for officers provided by the passage of the Defense Officer Personnel Management Act of 1980, or DOPMA. Many, including myself, have argued that this system is outdated—reflecting industrial-age thinking in the information age—and point to what they see as a drain of talent. The fundamental problem that most can agree on is that a one-size-fits-all system cannot provide the range of competencies that will be needed in the future. However, what a new system might look like is far from settled.

Recent books and magazine articles include critiques of the current system that call for a new regime. These publications are replete with stories of frustrated bright young people leaving the military because the services both force them into assignments that they do not think make appropriate use of their talents and require them to adhere to a rigid path of advancement that is inflexible. The favorite villain in this story is the so-called up-or-out promotion system. While these stories are individually compelling and collectively paint a bleak picture of the future of the American military, they generally come up short in describing how an alternative system might operate or how eliminating up-or-out might produce the desired force of the future—or, for that matter, what the desired force of the future should even look like. What is needed is an understanding of the current system, how it operates, and what needs to be changed. To use an old cliché, we must not throw the baby out with the bath water.

It is important to recognize that there are at least two places where talented individuals are leaving the military: There is the oft-cited exodus of junior officers (although many talented individuals choose to stay), but there is also the less-cited systematic exodus of officers—not only

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² This testimony is available for free download at <http://www.rand.org/pubs/testimonies/CT446.html>.

those who are forced out at 30 years of commissioned service regardless of experience and skills, but also those who leave before that, anticipating that they will be forced out at 30 years of service. Given the way officers are commissioned through the military academies or through ROTC, this generally equates to forcing out officers who are in their early fifties. It is important to note that the way we lose junior officers is largely because of the way the assignment system is managed, but the way we lose talented senior officers largely has to do with the way the personnel system is designed. The ability to address the retention problem among junior officers is largely in the hands of the services and the way they manage assignment; addressing the retention of senior officers means Congress would have to consider whether it would change the way careers are structured.

Procedural Changes in the Assignment System

Today's critics charge that the services' central personnel assignment system is a failure because it neither adequately recognizes the special attributes an individual can bring to a job nor takes individual preferences into account; further, it does not provide all candidates an equal chance of being assigned to the positions most important to advancement. Critics maintain that a decentralized system where each candidate could self-nominate for any job and is eligible for all jobs would better foster the principles of talent management. Let's look at these claims in some detail.

Knowing What's Needed

The military's human resource management system is actually made up of two complementary systems most often managed by two different organizations: one that focuses on job or billet requirements (most often referred to as the manpower system), and another that focuses on providing qualified people who meet the specifications laid out by the manpower system (most often referred to as the personnel system). The assignment system is the bridge between the two as it tries to put the right face in the right space. Any special attributes possessed by an individual service member—often referred to as his/her knowledge, skills, and abilities (KSA) or competencies—may make little difference in his/her assignment unless these attributes are recognized in the job or billet description. In a small number of cases, information about a service member that is not on the record but is known to senior personnel may be taken into account, but for the vast majority of officers, the match is made based upon the stated job description. Therefore, the first requirement for better matching the unique qualities of young officers is for the services to expand the range and improve the specificity of attributes that are included as part of a job description.

Expanding job descriptions, however, is problematic, with the Army's recent Green-Pages proof-of-concept pilot test serving as a clear example. The pilot tested a largely decentralized assignment system, where individuals presented themselves for reassignment and units advertised their opening to improve matches. That was the way it was supposed to operate, at least. In actuality, the pilot test showed that units required "a great deal of follow-up encouragement," and even with all the encouragement that resulted from this being a pilot test, half of the officers who participated thought that the job information was "too sparse." There are many reasons that units fail to differentiate jobs adequately, but little progress can be made until the services better articulate what is required and what skills will be needed in the future. Two examples may illustrate this point. A former Air Force personnel chief recently recounted how he was told that the Air Force needed more officers with STEM (Science, Technology, Engineering and Math) backgrounds, at a time when there were more STEM qualified officers than there were billets to which they could be assigned. Assuming that that Air Force did, in fact, need more officers with STEM backgrounds, this need must be reflected in the descriptions of Air Force jobs to have any validity for recruiting new personnel. Similarly, the Army's senior commander in Europe recently discussed his need for more soldiers who could speak Russian and other eastern European languages. The system can only respond, however, if such a need is translated into job requirements.

Accommodating Individual Preferences

Meeting the assignment preferences of individual service members can be challenging, and all too often, the process appears to force people into assignments that they don't want. One often hears that there are less-desirable jobs that must be filled and the assignment systems must fair-share them among the entire force. But this fair-sharing approach doesn't take service member preferences into account. The Navy, for example, has found a way to compensate volunteers for such jobs by allowing qualified sailors to bid for these jobs, with the winning bidder being the one willing to take the smallest cash bonus to fill the position. Recent research at RAND³ has shown that a similar auction system could be used to induce members to extend in place in overseas assignments. Nevertheless, the services have been slow in taking up such incentives and ideas to help them sort out the assignment system and gain the potential to satisfy assignment requirements while making service members better off by aligning assignments with preferences. More can be done.

³ Craig A. Bond, Jennifer Lamping Lewis, Henry Leonard, Julia Pollak, Christopher Guo and Bernard Rostker, *Tour Lengths, Permanent Changes of Station, and Alternatives for Savings and Improved Stability*, Santa Monica, Calif.: RAND Corporation, RR-1034-OSD, 2015.

Opening Up Assignments for All?

Another often-heard complaint is that the current system does not consider all qualified service members for all jobs, including the most critical and career-enhancing jobs. But one can challenge whether the assignment system should do this. While I am sure there are ways to improve the visibility of the talents of all members of the force, the plain fact is there are fewer positions at the top than there are at the bottom. Moreover, in order to ensure that future leaders gain the experience they will need later in their careers, the services must assign critical jobs to those judged to have the best chance for advancement. This is done today in both a formal and informal way.

Formally, there are critical gateway selection boards for schools, or for qualifying for certain positions, such as command of a ship. More important, however, is an informal system of mentorships where senior leaders (generally from a particular occupational group or community) “sponsor” junior officers, who then are given specific assignments to help shape their careers for advancement. I am most familiar with the way it works in the Navy, where leaders identify those young members considered among the most promising and guide their careers so they gain experience that will facilitate their performance if and when they become senior leaders. The system works well for those who find a sponsor, but some will be left behind. Getting into this group usually requires impressing a senior officer so that he will work the system to give his protégé the best assignments, but falling out of this group is easy if a junior officer fails to perform as expected.

The Army, on the other hand, traditionally has been more egalitarian in managing assignments. Some have argued that this better allows the talent to rise to the top, and is fairer about giving everyone a chance at critical assignments. However, research going back to the 1960s suggests that some very talented people leave under such a system because they cannot see a clear path for advancement and do not want to leave their careers to chance. They believe they are special and expect to have their careers managed accordingly.

Structural Changes in the Design of Military Careers

For a long time, I have argued and written about the need to reform the career military structure by increasing the maximum years of service an officer might serve to 40, for the reasons I will discuss here. That said, I first want to sound a cautionary note by endorsing the fundamental principle of the up-or-out system and explaining why such a system is critical to ensuring the vitality and viability of our military personnel system for the future.

The Thirty-Years-of-Service Career Limitation

A key feature of the officer military personnel system as laid out in law under the DOPMA is the 30-years-of-service cap for all officers who are not promoted to General or Flag rank, O-7. I am aware that under DOPMA, the service Secretaries can establish special continuation boards to extend the service of O-5 and O-6 officers beyond mandatory retirement for up to five years or until age 62, but this is almost never done. For all intents and purposes, we operate under a career cap of 30 years of commissioned service.

Given that most officers come from the service academies or ROTC, entering college at 18 years of age and commissioned at 22 years of age, this means that, with the exception of those promoted to O-7, most career officers have left the service before age 52. This is true regardless of an officer's specialty because DOPMA is a one-size-fits-all personnel system for officers. While DOPMA allows for the promotion of different occupational groups separately in what are called "competitive categories," the career structure for each category is the same. To me, this makes no sense. Without arguing the merits of longer careers for the combat arms, I am certain that our specialty corps—such as intelligence, medical, chaplains, acquisition, and many more, including any future cyber corps—would benefit if they were not compelled to adhere to the standard DOPMA structure of promotion timing, opportunity, and tenure. The case of intelligence corps, described here, illustrates why the 30-year limitation should be changed.

Aside from the needs of specific occupational groups where experience is particularly important, a general case can be made that limiting careers to 30 years of commissioned service is out of line with efforts to broaden the experiences of officers as they progress through their careers. In 1987, Congress passed the Goldwater-Nicholas Act, which recognized the expeditionary and inherently joint nature of how military forces operate and established the requirement that officers complete the requisite joint professional military education and joint assignments before they could be considered for promotion to general or flag rank. Accordingly, officers start to be "jointed" after their tenth year of service, when they are promoted to O-4, and usually try to complete this over the next ten to 12 years. These are also the years that officers destined for leadership positions have their command assignments. In effect, the Goldwater-Nicholas Act added between four and five years of additional must-have assignments to an already full career and squeezed out the time officers would have spent on their service staffs learning how to manage the enterprise. I am particularly sensitive to this unexpected cost of Goldwater-Nicholas, having served for many years at a senior level in the Navy and Army secretariats. While we may have made better joint warriors, it came at the cost of having less-experienced uniformed managers of the services. This was a cost that could have been avoided if career length had

been extended commensurate with the expanded career content resulting from Goldwater-Nicholas.

This situation I describe is only going to get worse with the new programs recently announced by the Secretary of Defense designed to increase the opportunities for assignments with industry and expanded opportunities for advanced education. We need to ask, "What sense does it make to broaden the experiences of our officer corps and then provide little opportunity to reap the benefits of that broadening by truncating careers at 30 years of commissioned service?" In my judgment, it is imperative to lengthen careers to accommodate all these career-broadening opportunities.

I note that the issue of career length is not new, as the following review of the legislative history on this issue will show. The 30-year career has been in place since 1947, but even back then, members of Congress were not comfortable with limiting careers to 30 years of commissioned service. Finally, knowing the Committee's concern about the cost of personnel, I would like to review how extending the career length limit might have a positive impact on reducing the overall cost of personnel.

A Historical View of the Thirty-Years-of-Service Career Limit

As the Senate considered the passage of the Military Personnel Act of 1947, some in Congress expressed concern that the new system would "force the retirement of officers at the height of their usefulness," and would be "very detrimental to the best interests of the country." Sen. Guy Cordon, R-Texas, did the math and figured that "the retirement of colonels after they have completed five years of service . . . or 30 years of service, whichever is the later . . . would mean that the average officer, figuring that he received his commission at age 22, would be forced to retire at 52 years of age." The record shows that Sen. Wayne Morse, R-Ore., concluded that he could "not vote for the bill unless those objections are taken care of," and Sen. Harry Flood Byrd, D-Va., commented that this "seems to me mighty early to retire a man, at 52." The Army countered the concerns of the three senators by arguing that Sen. Cordon had gotten the math wrong because

The statement that the average officer receives his commission at 22 and would be retired at 52 is in error. The average age at appointment of Army officers is 25. For years to come, the average officer will not reach the grade of colonel before he has had 28 years of service. . . . Therefore, the average age of colonels will be 58. . . . The question of

proper retirement ages must be a compromise between the desires of the individuals for longer service and the needs of the Nation for a vital Army. . . . Without a flow of promotions, there must be stagnation. There cannot be a flow of promotions without forced attrition at the top.⁴

Of course, it was the Army that got it wrong, but how wrong did not become clear until the system was in operation for some time and it became obvious that it was the rare officer who waited until 30 years of service to retire. The incentive in the new system was to take advantage of the reduced pension that paid immediately for voluntary retirements after 20 years of service and move on to start a second career before it was too late to do so.

In 1954, the question of early voluntary retirements so alarmed Congress that an amendment to the Defense Appropriations Act of that year, the so-called Van Zandt amendment, limited voluntary retirements. It was repealed when the Officer Grade Limitation Act was passed, but only after Congress received assurances from the military services that “the privilege of voluntary retirement after completion of 20 or more years of service will be exercised little” because “the services have long accepted 30 years of faithful service as being the normal tour of duty.”⁵ The force reductions after the Korean War saw extensive use of the 20-year option to draw down the force. By 1980, when DOPMA passed Congress, the 20-year volunteer retirement had become so common that it was no longer considered to be at the discretion of the Secretary of the Military Department, but had become a “right” and was so reflected in the new legislation.

The Need for Longer Careers for Intelligence Officers

The career area of military intelligence is a prime example of how today’s one-size-fit-all system is not serving us well. The requirements for intelligence professionals, particularly the intelligence officers who serve in the National Intelligence Program, are well articulated by the Army in its description of the “unique functions” performed by the Strategic Intelligence Functional Area officers, attached at the end of my statement.

Our study of the current state of military intelligence shows that today’s military personnel system is ill-suited to produce the kind and number of officers needed by the intelligence community.⁶

⁴ Dwight Eisenhower, et al., “Officer Personnel Act of 1947,” testimony before Senate Armed Services Committee, 1947.

⁵ “Officer Grade Limitation Act of 1954 (H.R. 7103),” Senate Committee on Armed Services hearing transcript, Washington, D.C.: Government Printing Office, 1954, p. 8.

⁶ Charles Nemfakos, Bernard D. Rostker, Raymond E. Conley, Stephanie Young, William A. Williams, Jeffrey Engstrom, Barbara Bicksler, Sara Beth Elson, Joseph Jenkins, Lianne Kennedy-Boudali, and Donald

Today's system is built on the paradigm of youth and vigor. It is not designed to produce the personnel with the kind of training and experiences that are required of today's intelligence professionals. The grade table that drives the system reflects the needs of combat units, not the needs of the interagency intelligence community. The DOPMA tenure and retirement rules truncate and terminate military careers just when intelligence officers have gained the experience necessary to make them truly productive. The best that can be said is that many former intelligence personnel continue to serve as government employees and contractors. Changing this system will require statutory relief to allow the services to retain personnel with demonstrated professional intelligence expertise and experience beyond current mandatory retirement dates. The best way to address this problem is to build a career profile based on the paradigm of "experience and performance." Given the general structure of DOPMA and working within the constructs of a competitive category, this could be accomplished by providing grade relief, ceiling relief, and end-strength relief. Grade relief would allow the services to better match the service member with the positions that need to be filled; ceiling relief would allow officers who are not promoted to the grade of O-7 to serve longer than the current limit of 30 years of service; and end-strength relief would mean that if the overall requirements for intelligence officers exceeded those authorized today, there would be no need to reduce the number of officers serving in other occupations to accommodate any increase in the number of intelligence officers serving. All this, however, must be done within (and adhering to) the basic concept of up-or-out.

The Importance of Maintaining the Up-or-Out System

The first imperative when considering changes to today's personnel system is to examine the impact on the experience profile of the force ten and 20 years in the future. For the vast majority of our military workforce, the people we recruit today will be the journeymen we need ten years from now and the leaders we have 20 years from now. In some specialty areas, new programs of lateral entry may provide added flexibilities, but the vast majority of military skills will still be acquired along the path of in-at-the-bottom-up-through-the ranks.

The plain fact is that the military we build today must be capable of winning wars in the future, but we don't know when those wars might come. In the aggregate, the year-of-service profile is the best indicator of the readiness of the force to go to war at any point in the future. Maintaining the appropriate experience profile is critical.

The key to achieving the desired experience profile is maintaining an adequate flow of people into and through the force over time. We have done this with the so-called up-or-out promotion system. While there are many ways that such a system can be managed, there must be a way of ensuring sufficient turnover to constantly revitalize the force. The flow out of the force should not be just at the end of a career. Our officers need to progress or leave. They must not be allowed to stagnate in place.

The one thing that distinguishes a military personnel system from our private sector or our government civilian personnel system is we have had the tools and use them to maintain the required experience profile over time. Some have argued that we should institute a system that allows people to stay in place as long as they perform their job adequately. In fact, we have done this in the past, specifically during the drawdown during the early 1990s, and the result was that when we went to war in Afghanistan and Iraq, there were shortages of critical midgrade personnel; the same personnel we failed to recruit a decade earlier. I appreciate how hard it is to tell a young service member who is doing a good job today and wants nothing more than to be left alone to continue doing that job that he or she must advance or leave the service, but that is exactly what we must do to ensure that our force is always ready. If service members do not advance, they must be sent home to make room for the next generation because it is the next generation, and the ones that come after it, that will carry the fight in the future.

Some might think it strange for me to be arguing that we must maintain the flow of personnel through the military just as I am arguing that in selected areas we should extend careers, but I assure you that there is nothing contradictory in what I am proposing. Extending careers does not negate the need to move people along in their careers; it means having different points in time when people move up or out. It means more time for people to learn their craft, less turnover, longer tour assignments and more ability to take advantage of career-broadening opportunities, including those gained from joint assignments, as well as outside of the military at school and in assignments with industry.

Controlling the Cost of Military Personnel

Finally, I would like to comment on the cost of military personnel. Military personnel cost more today than in the past because we are paying them better—and by the way, they have fewer complaints. I don't believe that we think our military personnel are being underpaid today, which was a concern when I last served at the Pentagon. In my judgment, the best way to reduce overall personnel cost in general is to increase the average years of service we get out of every new recruit or officer, even as we maintain the appropriate years-of-service experience profile. I

do recognize that, as always, the devil is in the details and the general argument may not hold for all occupations. It depends on the costs of accession and training, and on the structure of pay. In general, however, selectively extending the length of careers to 40 years of service is likely to be cost-effective. Remember, while we might pay individual officers more in current military compensation, there are relatively few of them. Also, as was true when Congress voted to increase the pay of senior enlisted personnel in 2002, there is a very positive message sent through the force and we would expect to see increased retention as service members look forward to the possibilities of serving for a full career.

Summarizing

To summarize this quick overview of reforming the military personnel system, here are a few points to that I think this committee should keep in mind:

- Keep your eye on the future, particularly what any change will do to the experience profile of the force in the future.
- Maintain the desired experience profile over time.
- Ensure adequate flow of personnel; i.e., maintain the basic up-or-out concept.
- Be as flexible and permissive as possible in allowing the services to manage the assignment of personnel.
- Lengthen careers beyond 30 years of service, particularly for the specialty corps.

[END OF TESTIMONY]

[THE NEXT PAGE PROVIDES A DESCRIPTION OF ARMY STRATEGIC INTELLIGENCE]

Army Strategic Intelligence⁷

Strategic Intelligence functional area provides a focused, trained corps of strategic intelligence professionals to Army organizations, combatant commands, DOD, the Joint Staff, and interagency communities with tailored intelligence required for the development of national security policy and theater strategic plans and operations. The Strategic Intelligence officer acts as the premier expert on strategic and global intelligence activities that accomplish U.S. strategic objectives developed through unique training, education, and recurring assignments at theater, national, Joint, DOD, and interagency communities. The Strategic Intelligence officer translates national security strategy into intelligence strategies. Providing premier intelligence in a strategic context, the Strategic Intelligence officer enables decisionmakers and warfighters to dominate the battlespace. The Strategic Intelligence officer represents Army interests at the Joint and interagency communities. Strategic Intelligence officers work primarily at echelons above corps worldwide. [They fill positions] in intelligence units, headquarters, national agencies, and unified commands. Strategic Intelligence officers . . . participate in all phases of the intelligence cycle. The Strategic Intelligence officer is an agile, national- and theater-level and interagency expert—who leads, plans, and directs all-source analysis, intelligence systems, and intelligence policy and programs—supporting key decisionmakers, policymakers, and warfighters in an interagency, joint, coalition, and combined environment. Exercising broad responsibility and authority, the Strategic Intelligence officer is capable of integrating interagency activities and interacting with the foreign intelligence services to produce predictive strategic intelligence to advise policymakers and combatant commanders to deliver overwhelming advantage to our warfighters, defense planners, and national security policymakers.

⁷ Department of the Army, Commissioned Officer Professional Development and Career Management, Washington, D.C., Department of the Army Pamphlet 600-3, 2007. P. 251.