

Fostering Skills and Creating New Pipelines for Military Service

Provisions in the FY 2019 NDAA

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*Fostering Skills and Creating New Pipelines for Military Service: Provisions in the FY 2019
NDAA*

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The RAND Corporation²

Before the National Commission on Military, National, and Public Service

May 16, 2019

Chairman Heck, Vice Chairs Gearan and Wada, and members of the Commission: As the Commission considers how to foster critical skills and create new pipelines to military service, it is worth considering how the flexibilities introduced in the National Defense Authorization Act (NDAA) for Fiscal Year 2019 may assist in reaching the Commission's goals.³ The new authorities enable access to critical skills through three means: attracting and accessing new officers with critical skills, retaining and promoting highly competitive officers, and extending career lengths for officers with critical skills..

The Commission's draft proposals on improving access to critical skills (with a specific focus on cyber skills) and the move toward a continuum of service may be well served by the new authorities. The permissive nature of the new authorities extends well beyond the field of cyber, including such emerging fields as artificial intelligence and machine learning. Additionally, the authorities enable the services to access talent for more-traditional career fields, such as combat arms or pilots, in order to meet requirements.

The new authorities may also aid the Commission as it considers how to close the civil-military divide. While the NDAA flexibilities are not necessarily intended for that purpose, they may offer opportunities to increase the interaction between the services and civilian industry. A number of the provisions allow for increased access to more-seasoned civilian professionals, enabling the Department of Defense and the military services access to new populations with

¹ The opinions and conclusions expressed in this testimony are the author's alone and should not be interpreted as representing those of the RAND Corporation or any of the sponsors of its research.

² The RAND Corporation is a research organization that develops solutions to public policy challenges to help make communities throughout the world safer and more secure, healthier and more prosperous. RAND is nonprofit, nonpartisan, and committed to the public interest.

³ Public Law 115-232, John S. McCain National Defense Authorization Act for Fiscal Year 2019, August 13, 2018.

particular skills, talents, and experiences. Additionally, the combination of the new authorities and the Department's transition from the legacy retirement system to the Blended Retirement System make it more attractive for experienced individuals to serve as uniformed officers for a brief period rather than entire careers.⁴ Those with military service may then return to their civilian careers, bridging the civil-military divide and increasing the reach of military recruitment into previously untapped populations.

New Authorities for Fostering Critical Skills

The FY 2019 NDAA provides seven new authorities enabling the services to access, retain, and promote competitive officers. Importantly, the structure of the new authorities is permissive, not prescriptive.⁵ The authorities devolve a high degree of discretion to the service secretaries, enabling the services to utilize them as they see fit.

Section 501

Section 501 repeals the requirement for an officer to complete 20 years of service by age 62. Whereas previously individuals were unable to commission after age 42, the new authority enables the services to garner the experience and expertise of seasoned professionals from a range of industries. In a traditional context, the services view the new authority as particularly useful for such professions as military doctors, lawyers, and chaplains.⁶ However, the new authority is sufficiently flexible to enable the services access to experienced individuals from across industries, including logistics and cyber.

Section 502

Section 502 enhances the availability of constructive credit for private-sector training or experience prior to commissioning. Where the services were previously limited to providing constructive credit up to the grade of O-4, the new authority enables a service secretary to commission an individual with the appropriate level of experience up to the grade of O-6. Additionally, the provision enables the service secretary to designate the amount of credit an individual can receive for specific career fields based on training or experience.⁷ Therefore, service secretaries can define critical career fields as needs emerge rather than being limited to specific career fields.⁸ In conjunction with the authorities provided in Section 501, the new

⁴ Beth J. Asch, Michael G. Mattock, and James Hosek, *The Blended Retirement System: Retention Effects and Continuation Pay Cost Estimates for the Armed Services*, Santa Monica, Calif.: RAND Corporation, RR-1887-OSD/USCG, 2017.

⁵ Albert A. Robbert, Katherine L. Kidder, Caitlin Lee, Agnes Gereben Schaefer, and William H. Waggy, *Officer Career Management: Steps Toward Modernization in the 2018 and 2019 National Defense Authorization Acts*, Santa Monica, Calif.: RAND Corporation, RR-2875-OSD, 2019.

⁶ Robbert et al., 2019.

⁷ The FY 2017 NDAA provided the services with the ability to commission lateral entries specifically for cyber career fields (Public Law 114-328, National Defense Authorization Act for Fiscal Year 2017, December 23, 2016).

authority would enable the services to access the critical skills of more-experienced professionals by enabling each professional to commission at a rank commensurate with his or her level of experience. For example, it would enable the services to commission a logistics professional from industry at the grade of O-6 to meet a specific requirement and provide leadership and external expertise.

Section 503

Section 503 enables the services to temporarily promote officers with critical skills. Although the number of temporary promotions is limited annually, the authority allows the service secretaries to specify critical skills within the service and determine where there are critical skill shortages. For example, the Army could promote a fully qualified intelligence officer from the rank of Captain to the rank of Major in order to fill a vacant O-4 intelligence requirement, so long as the officer were fully qualified for the promotion and ahead of the promotion board for the officer's year group. As an added benefit, the provision serves as a retention incentive for competitive individuals.⁹ By expanding the services' toolset for retaining the critical skill sets they have accessed and developed, the provision meets the Commission's goal of fostering critical skills.

Section 504

Section 504 enables the services to promote some or all officers based on an order-of-merit list. The existing promotion structure is based on cohort and time in service. The order-of-merit list enables particularly competitive officers to be promoted ahead of the rest of their cohort, which incentivizes performance across a range of critical skill sets. For example, the services would be able to promote the top 15 percent of officers at the beginning of the fiscal year, followed by the remaining officers in the given year group along the traditional time-in-service timeline. While it remains to be seen how implementation will affect retention, order-of-merit sequencing provides the framework for acknowledging talent and thus may make military service more appealing to competitive individuals with critical skills.

Section 505

Section 505 enables the service secretaries to approve officers' requests to opt out of a promotion board if the request is based on the officer's need to complete a broadening assignment, educational experience, or other assignment meeting the requirements of the service. The provision enables the service secretary to meet critical skills requirements while offering flexibility in career timelines for individuals to build critical skills without the penalty of a failed promotion consideration. For example, if the service required an officer's specific skill set in order to meet a specific manpower requirement resulting in the officer missing a professional military education course that carries significant weight in promotion considerations, the officer could request to opt out of the next promotion board, allowing time to complete the military education course before being considered for promotion.

⁹ Robbert et al., 2019.

Section 506

Section 506 enables officers with critical skill sets to remain on active duty from the grade of O-2 onward even if they are twice passed over for promotion. Previously, an officer twice passed over for promotion to the next-higher grade could be selectively continued only if he or she attained the grade of O-4 or higher. The new provision would enable better retention of individuals performing effectively at a technical rather than a leadership level and would allow the services to retain these officers for a critical skill set but not promote them to higher levels of leadership authority or responsibility. For example, while unlikely in practice, a cyber officer with specific tactical skills could potentially serve a full 20 year military career in the grade of O-2 without taking on additional leadership responsibilities.

Section 507

Section 507 establishes an alternate promotion authority. The provision enables the service secretary to define a new competitive category based on critical skill requirements wherein promotion timelines can deviate from the traditional cohort-based framework. Although the provision requires congressional oversight (service secretaries must submit competitive category designations 60 days prior to implementation), the authority provides flexibility to the service secretaries in defining critical skill sets that may benefit from faster, slower, or more-flexible promotion timelines. For example, if a service were to establish a competitive category under the alternate promotion authority, the services could promote cyber officers under the authority more quickly in order to remain competitive with the private sector. Alternatively, the services could utilize the alternate authority to manage strategic intelligence officers' careers differently; promoting them more quickly in the junior ranks (such as O-4) to provide them the credibility in the Joint billets to which they are frequently assigned, but slow the promotion rate from O-4 to O-5 in order to maintain equity across career fields over the course of a career. Or the services could, for some specialities, use the authority to adopt a milestone-based promotion system with flexible promotion timing, recognizing that some officers will achieve the milestones earlier in their careers than others.

Considerations for Using the New Authorities

While the authorities outlined here provide service secretaries with a substantial amount of flexibility in accessing, retaining, and promoting officers who meet a critical skill requirement, the authorities themselves are not a panacea. Civilian leadership must take care in considering service cultures, equities, and practices when considering whether and how the authorities will be implemented.¹⁰ The permissive nature of the new authorities may lead to different outcomes

¹⁰ S. Rebecca Zimmerman, Kimberly Jackson, Natasha Lander, Colin Roberts, Dan Madden, and Rebeca Orrie, *Movement and Maneuver: Culture and the Competition for Influence Among the U.S. Military Services*, Santa Monica, Calif: RAND Corporation, RR-2270-OSD, 2019.

between the services as they innovate at different rates and along different paths in order to meet individual service requirements. Moreover, it is necessary to recognize that the services are fundamentally requirements-based organizations. Although the flexibilities in the FY 2019 NDAA may increase individual officer satisfaction, meeting requirements remains the ultimate goal for each of the services.

In particular, the use of lateral entry and constructive credit must account for service culture. While proficiency in critical skill sets is necessary for maintaining the U.S. military's competitive advantage, service cultures also value the shared uniformed experience, particularly in leadership positions associated with the grades of O-4 and above. Increased pay grades correlate with more-competitive compensation, but they also entail more responsibility and a higher level of authority.¹¹ The provisions outlined in Section 502 enable the services to offer certain individuals with critical skill sets a competitive salary by directly commissioning an officer up to the rank of O-6, but the services should carefully consider this provision as one option among many. In some cases, it may be more appropriate within the context of service cultures to provide competitive compensation through bonus structures at lower pay grades than through lateral entry at a higher pay grade.

Service cultures also place a high premium on equity and on keeping faith with their officer corps. Although the authority provided in Section 504 may enable the services to recognize and promote talent (by allowing the services to promote certain officers based on an order-of-merit list rather than the traditional time in service requirement), there may be an inherent tension within service cultures in how best to execute the authority equitably. Implementation may therefore require more and better individual performance data.

Finally, when assessing the new authorities, there is a temptation to focus specifically on cyber or other technical skill sets. However, the flexibilities are constructed in such a way that service secretaries can meet critical skills requirements as the requirements emerge. These flexibilities can encompass any number of skills and talents and can equally serve emerging cyber fields and more-traditional career fields, such as combat arms and logistics.

Conclusion

The key observations and recommendations for the Commission to consider are as follows:

- Although the new authorities enable the services to access new critical skill pipelines, they must be considered within the context of service culture.
- Although the new authorities may increase individual satisfaction and thus may increase retention of officers with critical skill sets, the services will remain focused on meeting service requirements rather than individual preferences.
- *Critical skills* are frequently defined by technical fields. However, this definition may be improperly scoped. Under the new authorities, service secretaries have the discretion to

¹¹ Beth J. Asch, *Military Compensation to Support Retention, Performance, and Talent Management*, testimony presented before the House Armed Services Subcommittee on Military Personnel, Santa Monica, Calif.: RAND Corporation, CT-505, March 12, 2019.

define critical skills by service requirements and may include more-traditional military career fields.

- The services would be well served by collecting better performance data in order to capture and adequately retain high performers to meet critical skill requirements.
- There are a range of options for competitively compensating individuals with critical skill sets. It is worth considering which compensation option (bonuses, incentives, or lateral entry) is most appropriate for an individual in meeting service requirements.

These observations and recommendations indicate the value of service culture in determining how best to access individuals with critical skills. They further reinforce the need for better data collection to define critical skill-set shortages and to evaluate individual performance in order to attract, promote, and retain the most qualified individuals to meet service requirements.