

**NOT FOR PUBLICATION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

**STATEMENT OF
VICE ADMIRAL JOHN B. NOWELL, JR., U.S. NAVY
CHIEF OF NAVAL PERSONNEL
AND
DEPUTY CHIEF OF NAVAL OPERATIONS
(MANPOWER, PERSONNEL, TRAINING & EDUCATION)
BEFORE THE
SUBCOMMITTEE ON MILITARY PERSONNEL
OF THE
HOUSE ARMED SERVICES COMMITTEE
ON
DIVERSITY IN RECRUITING AND RETENTION
DECEMBER 10, 2019**

**NOT FOR PUBLICATION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

Introduction

Chairwoman Speier, Ranking Member Kelly, and distinguished Members of the Military Personnel Subcommittee, thank you for the opportunity to appear before you today to discuss our Navy's most important strategic asset, our people.

Our mission is growing, our competitors are getting stronger, and we must adapt and stay one-step ahead. We are facing adversaries in new ways and with new technology. We will meet these new challenges by attracting, recruiting, and retaining diverse talent; promoting an inclusive culture across our Active, Reserve, civilian, and contractor workforce and by institutionalizing Inclusion and Diversity (I&D) across the Navy. Our vision is to be the Service and employer of choice for our Nation's top talent and to be a more innovative and agile force for the future. We will continue to strengthen the One Navy Team by fostering a culture of inclusion that champions toughness, trust, and connectedness to achieve readiness and warfighting excellence. Every person and unit will maximize their potential and be ready for decisive combat operations. To win, our leaders must enable our teams to think more clearly, learn more rapidly, and make better decisions more quickly and accurately than those made by our adversaries. Our Navy is more diverse than ever, and our Sailors examine new ideas with an open mind. Our most junior teammate may have the best ideas, and we must be open to capturing and implementing these ideas. Achieving top performance is possible when our leaders tap into the energy and capability of an actively inclusive team.

Inclusion & Diversity

The Navy maintains our asymmetric advantage by leveraging the diverse abilities, perspectives, and experiences of our One Navy Team. By leveraging these differences, we increase our warfighting potential, innovation, and lethality. We know that diverse teams are 58% more likely to accurately assess a situation than non-diverse teams.¹ For performance, ethnically diverse organizations are 35% more likely to outperform other organizations and gender-diverse organizations are 15% more likely to do so.² Diversity alone is not the answer. Without inclusion and understanding, diverse perspectives can lead to friction and conflict in thoughts and opinions. Navy must actively include all perspectives to harness the creative power of diversity, accelerating its warfighting advantage.

I&D is nested in Navy's Culture of Excellence Campaign (CoE), and highlights how Navy is dedicated to strengthening warfighting and mission effectiveness by developing toughness, trust, and connectedness, as well as championing positive signature behaviors. Active inclusion also helps mitigate the negative effects of bias – both conscious and unconscious – and the reality that bias-based decisions and behaviors manifest themselves in all workplaces and can have an adverse effect on these signature behaviors.

Navy embraces and strives to leverage all diversities – diversity of thought, age, sexuality, socioeconomic background, education background, religion, and regional and cultural

¹ "Ethnic Diversity Deflates Price Bubbles," December 30, 2014, Proceedings of the National Academy of Sciences of the United States of America.

² "Diversity Matters," McKinsey & Company, February 2, 2015.

background. Navy's diverse force begins with accessions, which are more demographically diverse than ever before.

According to the U.S. Census Bureau, in July of 2018, the race/ethnic makeup of the U.S. population was as follows (statistics include Decline to State at 4%/5% for Officer/Enlisted):

- White: 76% (Officer/Enlisted 77%/59%)
 - Black: 13% (Officer/Enlisted 8%/19%)
 - Asian: 6% (Officer/Enlisted 5%/6%)
 - Multiple Races: 3% (Officer/Enlisted 4%/7%)
 - American Indian/Alaskan Native: 1% (Officer/Enlisted 1%/2%)
 - Pacific Islander/Native Hawaiian: 1% (Officer/Enlisted 1%/2%)
 - Hispanic Ethnicity: 18% (Officer/Enlisted 8%/18%)
- Naval Reserve Officer Training Corps (NROTC) FY19 Navy commissions: 19% female, 17% racial minorities and 10% Hispanic
 - U.S. Naval Academy (USNA) Class of 2019 Graduates: 28% female, 23% racial minorities, 12% Hispanic, 1% international, 1% declined to respond
 - USNA Class of 2023: 26% female, 27% racial minorities, 13% Hispanic, 1% international, 1% declined to respond
 - FY19 Total Force Officer Recruits:
 - AC: 26% female, 12% Hispanic, 25% racial minorities
 - RC: 24% female, 8% Hispanic, 20% racial minorities
 - FY19 Total Force Enlisted Recruits:
 - AC: 24% female, 18% Hispanic, 32% racial minorities
 - RC: 34% female, 20% Hispanic, 40% racial minorities

Retention of our increasingly diverse workforce is fundamental to future warfighting capabilities and Navy continues to improve at every level:

- Based on the most recent five years of data, minority junior officers (JOs) retain better than majority JOs for the first 12 years of service
- Female officer retention is better than ever: most recent 1-year retention average for female officers is higher than the previous 5-year and 3-year averages
- Active Duty Flag officer diversity is increasing steadily: over the past 20 years it has become 182% more racially diverse, 140% more gender diverse and 154% more ethnically diverse
- Senior enlisted diversity (E7 to E9) exceeds flag officer diversity and continues to increase
- Over the past 20 years, Navy's Active Duty senior enlisted population has become 60% more racially diverse, 56% more gender diverse and, over 300% more ethnically diverse

Sailor 2025

Sailor 2025 is modernizing personnel management, training policies, and systems to identify, recruit, and train talented people more effectively, and to manage the force of tomorrow while improving warfighting readiness. The modern and innovative information technology infrastructure we are building will improve the way we recruit, train and retain talent, more accurately and efficiently assign talent across the force, better design and account for compensation packages and generate a system that affords greater flexibility and permeability. Sailor 2025 is built on a framework of three pillars:

- Personnel System Modernization – identify and reward talent, improve career flexibility and choice and optimize the force through Active/Reserve Component permeability
- Ready, Relevant Learning (RRL) - a career learning continuum with modernized delivery methods
- Career Readiness - shaping resilient, tough, Sailors bolstered by a family support network that fosters a career of service

MyNavy Transformation

Over the last year, we made significant headway in our MyNavy HR modernization journey. MyNavy HR Transformation is essential to combating current and emerging threats, delivering global lethality, and maintaining maritime superiority. Ultimately, Navy will benefit from a more agile, adaptive, and better trained force, ready to meet an increasingly complex mission. Although transformation on this scale takes time, we met critical milestones in 2019 propelling us toward our vision and future state.

MyNavy HR Transformation has made significant strides in supporting I&D by modernizing our systems to reach more homes, schools, and communities. This has contributed to significant benefits to recruitment and retention, leading to a more capable force. This includes maximizing our use of mobile applications including MyRecord Mobile, MyNavy PCS and MyNavy Family to provide streamlined capabilities and access to information for Sailors. Although we have faced funding challenges for our Transformation portfolio in the past, we now have a record of accomplishment for modernizing our efforts to recruit and retain the best force possible.

Diversity in Marketing & Advertising

Navy is committed to recruiting a diverse force. As such, the Navy invests in marketing strategies that reflect the demographics of the U.S. population. Specific marketing advertises opportunities that highlight force diversity and the leadership and development opportunities for people of all race, color, religion, sex, or national origin. Examples of our carefully evaluated strategies across the multiple marketing channels include:

- **MEDIA:** Approximately 19% of the overall media resources spent is focused specifically on multicultural and female prospects.

- **SOCIAL:** Our social channels include Instagram, Facebook, Twitter, Snapchat and Reddit. Across all channels, the content reflects both diversity within the Navy as well as the diverse recruiting market.

Attracting and Recruiting Talent

Navy identifies and empowers Active, Reserve, and civilian leaders at all levels as force multipliers in promoting a culture of inclusion and the importance of diversity. We have increased participation of diverse talent in outreach events and marketing materials and highlighted Navy's culture, benefits, and programs to showcase Navy as the service and employer of choice.

In order to recruit a diverse and talented workforce, Navy has updated and refined Active, Reserve, and civilian recruiting strategies using data to understand and eliminate barriers and ensure outreach to all segments of society. We continue this effort by ensuring recruiters understand the effects of bias and other barriers to inclusion, as well as Navy's diversity recruiting needs. Additionally, we have collaborated with affinity groups and professional development organizations to assist in communicating Navy's strategy of recruiting a diverse and talented workforce, while updating and refining military recruiting and civilian hiring metrics to better reflect Navy's I&D needs.

Enlisted Recruiting

Navy continued the trend of increasing enlisted accession goals to meet fleet manning requirements in a growth environment. Annual enlisted accessions have grown steadily, from just over 30,000 in FY16, to 40,000 in the FY20 budget request. Through the tireless efforts of our recruiters and workforce, Navy concluded FY19 by achieving 100 percent of Active Component (AC) accession goal, which we have met for 149 consecutive months. However, we fell short in Reserve Component (RC) accessions (both Non Prior Service (NPS) and Prior Service (PS)). Our record FY19 AC retention made the PS mission more challenging because there were fewer eligible Naval personnel separating from the Navy available to affiliate as reservists. Although these shortfalls are a concern, the Navy-wide impact is manageable as RC achieved overall congressionally mandated end strength levels. However, this challenge is a strong indicator of the changing environment—serving to highlight the need for innovative strategic initiatives, marketing and advertising resources and incentives.

Officer Recruiting

Strong interest in commissioning opportunities through Officer Candidate School (OCS), U.S. Naval Academy (USNA), and Naval Reserve Officer Training Corps (NROTC) programs continues, as the number of highly qualified applicants vastly exceeds the number of available appointments. Officer accession sources continue to attract the finest applicants and produce well-rounded, technically competent leaders for commissioned naval service.

To support I&D, Navy has established the NROTC Preparatory Program (NPP) to enhance midshipmen candidates' mental and physical foundations preparing them for success in

the NROTC. The NROTC Preparatory Scholarship Reservations (NPSR) program is foundational to these efforts. Under NPSR, interested high school students may apply for one-year university or privately funded scholarships to support room, board and tuition while enrolled in a university NPP, designed to improve academic and life skills to prepare midshipmen for the rigorous NROTC academic program. This expanded relationship between the Navy and schools that host preparatory programs offers a performance-based pathway for midshipmen candidates to earn NROTC scholarships. The center of the NPSR program is the host universities' yearlong commitment to provide students, who show great potential via grades, character, and extra-curricular activities, but may lack resources available at more advanced high schools. The program's objective is to expand NROTC scholarship opportunities by accessing this untapped talent and potential. Academic Year (AY) 2018/19 was NPP's initial test year with four midshipman candidates completing the program and receiving NROTC scholarships. For AY 2019/20, 67 midshipmen candidates are enrolled in the NPP, and to date, there are over 100 applicants for AY 2020/21, demonstrating significant interest in this program.

Navy Recruiting Command (NRC) attained 101 percent (2,421/2,385) of the AC Officer mission and 72 percent (1,313/1,812) of the RC Officer mission, which includes both Navy veterans and Direct Commissioned Officers (DCOs). In FY19, we shipped 1,577 Officer Candidates to OCS, which is the highest number in 20 years. We achieved 102 percent of OCS shipping goal, which is the highest percentage in 10 years. Additionally, the Navy achieved its overall Chaplain mission with no shortfalls on AC or RC for the third consecutive year.

Developing and Retaining Sailors

We continue to develop and implement strategic coaching and mentoring programs across the Active, Reserve, and civilian continuum of service. By developing a standardized I&D curriculum, core competencies, and skills for our Officer, Enlisted, and civilian workforce, we have greatly enhanced our ability to develop and retain Sailors. By evaluating available certification courses and developing options to enhance their professional expertise, we are building core competencies and skills of CoE specialists across our workforce.

Navy continues to regularly engage our Active, Reserve, and civilian workforce on CoE issues and professional development opportunities across their continuum of service with programs like MyNavy Career Development Symposiums (CDS). Additionally, we champion partnerships with internal and external affinity groups, professional organizations, and key influencers.

In order to retain a diverse and highly professional workforce, Navy has developed the means to identify and leverage the unique skillsets of our Active, Reserve, and civilian workforce and reward those with the willingness to apply those skillsets to address our most difficult needs and challenges. We continually review Active, Reserve, and civilian human resource policies that affect CoE with a view towards removing barriers to continued service across our workforce. Finally, we continue to support the signature behavior of practicing inclusion and valuing diversity, a set of positive actions that help Navy retain the best possible workforce, but more than that, are also the right thing to do in any high-functioning organization.

Enlisted Retention

While we grow the Navy, retention of every capable Sailor remains a vital element of Navy's growth strategy. We succeeded in increasing retention across all pay grades in FY19 by applying a range of force management tools. We project steady retention in FY20 as we continue to implement Sailor 2025 and utilize available force management policies to expand retention opportunity further for the talented force we have. We are maximizing retention efforts for proven performers across the Navy to meet current and future mission requirements.

We remain on an aggressive growth trajectory and, as a result, all ratings and skillsets are experiencing some challenges. While overall enlisted retention in FY19 was among the highest seen in many years, critical skill communities, such as Nuclear Field, Special Warfare, Advanced Electronics, Aviation Maintenance, Information Technology, and the Submarine Force require focused retention efforts to include targeted re-enlistment bonuses. We are focusing our retention efforts in these types of high-risk, high-demand and/or high-investment skillsets. We are also proactively working to manage force structure growth so we can man new units to their operational requirements.

Officer Retention

While officer retention is sufficient to meet milestone requirements in most officer communities, as in years past, we continue to wrestle with meeting our demand signal among aviation warfare officers in specific type/model/series (T/M/S) platforms, nuclear-trained surface warfare officers, submarine officers, and naval special warfare (NSW), specifically Navy SEALs. We continue to apply and refine a combination of monetary and non-monetary incentives to improve retention among these groups.

End Strength and Budget Growth

Navy end strength grew by over 7,000 Sailors in FY19, largely through increasing enlisted accessions and tailoring policies to retain our best Sailors, all while facing a competitive talent market. Retention among first-term Sailors remained near 20-year highs and we continue to apply all available force management policy-levers to grow the force. Yet, we must improve upon our FY19 retention achievements to properly man, develop, and retain our growing Navy. Aggregate retention in FY19 was successful, but we continue to face challenges in recruiting and retaining Sailors in high-demand skill sets, e.g., Nuclear Field, Cyber Warfare, Special Warfare/Operations and certain aviation specialties. Success in these areas will be critical to positioning us to deliver the right Sailor, with the right skill set and training to the right billet, to support a growing force.

Continued investment is required to recruit, train, and manage Navy's talented workforce. The FY20 President's Budget request fully funds growth in Navy's active end strength by an additional 5,100 Sailors over the FY19 authorized end strength level, which is approximately 3,000 over actual FY19 end strength execution. In addition to funding increases in fleet manpower and training, the budget supports growth in special and incentive pays, critical to recruiting and retaining the very best people our Nation has to offer. While Navy will continue

leveraging targeted Skill and Incentive Pays, we are also blending non-monetary incentives into our efforts to meet recruiting and retention mission. Navy end strength and budget growth are essential to increasing fleet lethality and sustained force growth.

Impact of Continuing Resolutions

The effects on Continuing Resolutions will continue to have a drastic impact on recruitment and retention. With the possibility of a significant shortfall in the MILPERS account, several key programs will be affected including the possibility of a drastic reduction in recruit accessions that will impact fleet manning for years to come. Additionally, the potential loss of the ability to issue skill and incentive pays will have an extremely negative effect on retention as will the likelihood of significantly delayed PCS moves. These effects will have a drastic effect on morale, stability, planning, modernization, and recruiting efforts leading to significant attrition.

Conclusion

Staying competitive in today's complex environment and winning the war for talent requires an inclusive organizational culture and work environment that appreciates and respects differences. Our ability to recruit, develop, and retain the best-qualified women and men the Nation has to offer requires that all leaders be committed to ensuring that all members of our enterprise have the opportunity to meet their highest potential.

The Nation's security is ever more reliant on a new Navy, increasingly leveraging people of diverse backgrounds and experiences, critical thinking skills, and the mental agility to operate across the spectrum of change that lies ahead and ready to meet the challenges and uncertainty of a great power era. Our core values --- Honor, Courage, and Commitment --- reinforce our promise to conduct ourselves, as leaders of character and consequence, in the highest ethical manner, to meet the demands of our profession and mission, and to respect all people without regard to race, age, religion, gender, ethnicity, disability, or sexual orientation. Our ability to remain competitive and an employer of choice, is incumbent upon our being a role model for Military Equal Opportunity while fostering a culture of inclusive excellence.

On behalf of the men and women of the United States Navy, thank you for your unwavering support.