

Personnel and Talent Recruitment and Retention

With David S. C. Chu and Mackenzie Eaglen
Moderated by Captain Corey Braddock

CAPTAIN COREY BRADDOCK: I'm excited to kick off a discussion on personnel force strength, workforce efficiency, and the budget implications associated with defense staffing. Our first panelist will be Dr. David Chu. David has served the nation in many roles. Most notably as it relates to today's panel, he previously served as the under secretary of defense for personnel and readiness.

DAVID S. C. CHU: Thank you. And I thank you for the invitation to participate in this dialogue and specifically to address what I've characterized as the "people portfolio" of the department.

When you speak of people in the department, I think most Americans immediately have in mind the uniformed force, especially the active-duty force. But as members of this audience appreciate, that's only really part of the answer. In fact, if you look at the civilians employed by the federal government, the reserve components, and the civilians who might be working through service contractors, they together substantially outnumber the active-duty force. These other elements are, therefore, part of the answer on how best to staff the needs to develop the capabilities we require to defend America and advance American interests.

The department does emphasize, as we all know, with its declaratory statements, how important people are. The department characterizes people as its

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most significant asset. It's also the most costly single expense of the department. So cost control is an issue of considerable importance to think about when discussing how best to proceed.

But as my characterization of the portfolio might suggest, we really have three different silos here, three different communities. They have different performance attributes. We have different expectations of the skills that they'll bring to bear in helping the department succeed, and they cost differently in various dimensions. What's notable to me as an economist is that the department doesn't really have an organized, well-founded process for deciding what's the best mix of people to use, which might include, in fact, mixing people in units. (The air force experimented with mixed units using both guard and active personnel. But that's not a widespread phenomenon.)

Yes, we do have exceptions to the generalization that the department lacks a process for considering the mix of personnel types. Occasionally, the secretary of defense will push the organization to consider the trade between military and civilian personnel. That was true in the 1960s, true in the 1970s, and true in the 2000s. Congress is generally not enthused about that trade and often has put up statutory barriers to such changes. And yes, we do have competitions from time to time between providing a service with federal personnel versus hiring a contractor to do it for us, the so-called outsourcing competitions; we even recently had an insourcing competition when one secretary thought we'd gone too far in terms of using contracts. He wanted to bring certain services back inside the department, inside the Department of Defense.

The fact of the matter, as you all appreciate, is that these three silos rest on different statutory foundations. And so, we have various differences in terms of what you can or cannot do, including certain anomalies. For example, as you appreciate, most federal jobs require you to be a US citizen. But the irony is you do not have to be a US citizen to enlist in the military! In practice, we only require a green card, and the department does enjoy some limited latitude even to hire those who are here without green cards (although as a matter of policy, only those who are here legally, I might emphasize). It could actually have anybody join the military service, and that is an old tradition. The Filipino stewards of navy ships in the 1930s and 1940s are an example of that phenomenon.

So the central thesis of my paper is we would benefit over the long term from a better process, a more cohesive process, and an ongoing process, which really is multiyear in character, to think about what's the best combination of

personnel to carry out the functions of the department. At the same time, we need to think about what set of incentives we need to recruit, retain, and motivate these different types of personnel over time. This is something Tim [Kane] and Casey Miller have touched on.

If you come down from this fifty-thousand-foot level to some specific issues, you might think in terms of creating better outcomes. There are three issues I would identify that might produce better outcomes. First, there probably is a role for more civilians, although I think Mackenzie [Eaglen] will argue the opposite—and if I heard Secretary [Leon] Panetta correctly, he might also endorse that view. But that only illustrates how important it is to have that debate and have an organized process. What's the right mix of people to bring to bear? I think our commander here would take more civilians if he could get them or be allowed to hire them.

Second, I think we need to think about the standards that we impose as a matter of policy on each personnel community. Those standards reflect our underlying philosophy of how we do business. On the one hand, for the uniformed military, we basically try to bring raw talent into the service at a junior level, and we'll provide all the training you need to succeed in the service. (The exceptions are the professions: law, medicine, and the clergy. We do take people directly from civilian life and give them a commission.) Civilians, on the other hand, we think of as coming to the government with most of the skills and preparation they need to succeed at their entry-level job. They already have the degree, and they already have the skill. Why is there this dichotomy in how we do business?

Could we, for example, not take more individuals in the military who already have that credential that we need, that skill? Cyber is a classic example of that sort of thing, i.e., giving those with the credentials and skills a direct appointment to the military. That's talked about mostly for officers. Congress—thanks, really, to the energy of a young staff member who convinced Senator [Thom] Tillis to advance this idea—has given the Department of Defense greater authority to do so. It's not really being very aggressive, in my judgment, in using that authority.

But in another cabinet department, Admiral Linda L. Fagan, the new coast guard commandant, just this last week gave an interview that I think signals an interesting potential opportunity. She talked about bringing enlisted personnel into the coast guard who already have a skill and skipping most of the usual A-School preparation they would need. Her examples were cooks and medical technicians. Her view is, if you're a graduate of the Culinary Institute

of America, I do not need to teach you how to cook. I may need to teach you about coast guard procedures, but you know how to cook already. And similarly for medical technicians. Could we not think of more of that sort of thing?

On standards more broadly, I think revisiting the experience profile we desire, consistent with the chart that Tim showed earlier, would have great merit. Our current model for the military is that there's a big base at the bottom, and the desired experience profile is pyramid shaped, so it comes to a small apex at the top. That might be true for organized line units in classic conventional forces designed for conflict. It's not necessarily true of our colonel's cyber unit. There may be more demand for what you could call a Michelin man profile—in other words, it's very fat in the middle ranks—people with great experience and great depth, who might be civilians.

Civilians could be used in a military fashion if they are given reserve appointments. The UK has a very interesting small experiment that it tried some years ago, called Sponsored Reserves. The contractor would be hired to provide a service with the stipulation that every person on that contract would have to hold a reserve appointment in Her Majesty's forces—now His Majesty's forces. And if the government so decided, the contractor force could be mobilized on short notice. For trucking in peacetime, civilians would be just fine; in a theater with combat going on, maybe we want them in a uniform and we can mobilize them. The British even talked about—but they didn't do much about it, I should add—providing aerial tanker services on this basis. In other words, a “wet lease.” The contractor provides the tanker and the crews to fly the tanker. Could we do something like that? Well, maybe, maybe not. But we should be thinking about those kinds of things in the future.

And finally, we should debate what kind of incentives we need. Tim Kane provides a good guide from the Gates Commission fifty years ago as to the issues that should be considered. We're not limited to just pecuniary incentives. They're important, but quasi-pecuniary and nonpecuniary incentives are also important. I might particularly highlight the importance of dealing with spousal careers that are injured by the frequent moves that military service requires. If we don't deal with that, we will have a continuing drag in terms of retention—the attractiveness of military service.

Is change possible? If you think about the really big changes, the president's voice is critical. There have been four big changes in my lifetime on military personnel matters: one, Richard Nixon ends the draft; two, George W. Bush brings civil service modernization to the department; three, Barack Obama

takes it back in his term of office; and then four, Donald Trump insists on a space force over considerable skepticism by various parties in and outside the Department of Defense. That was a big change. You need the president, in my estimation, for any big change.

In motivating any change, I think you need to think a lot about the rationale. I think Tim implied this with his chart. The kinds of arguments that appeal to me as an economist, to policy analysts, do not work in the political space for the most part. That it's cost effective will not be a good reason to do it. The retirement reform issue is the case in point that I would cite. The retirement reform idea, as Tim showed, has been there for fifty years. Same arguments over and over again. When did it gain traction (modest traction, because we have now had some modest reform, a diminished annuity at twenty years of service but giving everybody some degree of IRA-type account if they have at least two years of service)? It happened when the argument became, "The current system is unfair"—that most people who start, especially enlisted personnel, will never collect. So we have this big pot of money, and it's going to a small number of people. Shouldn't everybody share in some fashion? And that argument actually helped, I think, change the answer.

A final thought and conclusion. I might sound negative but I don't intend to. This is, in many ways, a very successful department. You have only to contrast it with other federal departments. I won't name names here, but you all have your favorite candidates, I would expect. And so, a first caution is the medical adage "First, do no harm." Or at least to amend this, first, make sure the benefits of the change will substantially exceed the costs that you'll have to impose, because there'll inevitably be losers as well as gainers from any change that might happen.

With that, I thank you.

BRADDOCK: Our final presenter will be Mackenzie Eaglen.

MACKENZIE EAGLEN: I'll be super brief, and I'll try to focus on the topics of this panel from my paper for this panel. I love Dr. Chu's point that we have to look at the Defense Department as essentially having three workforces. He calls it silos. I call it workforces—military, obviously active and reserve components, federal defense civilians, and the defense contracting workforce that builds and services software and IT support the same Defense Department. And when you look at it that way, it's bigger than three million people. Three million people are on the direct payroll. The indirect payroll is probably

closer to four million. And in a perfect world, I would love to do exactly that. Or have someone smart, a commission or a presidential commission, think about the totality of these workforces and putting people in the right place.

I'll borrow from my AEI [American Enterprise Institute] colleague and former employee of many people around the table, Elaine McCusker's paper here. Well, for starters, the emotion has to be taken out of it. Your point on when it became unfair, although the system is designed—for the pyramid, you serve one or two tours and get out, and that's exactly what we want it to do. But it was unfair. And that is the argument that ultimately worked to Elaine's bigger point in her paper, which we'll also get into.

Which is just the sheer cost of these two. The first of the two workforces. Can we put that aside? Sure. Can we talk about ways to arrest the rate of growth? Absolutely. Are there reforms therein that are possible? Sure. But even doing what she asks, you have to think about how she characterizes it in her paper: non-core defense functions. So meaning, what are things that the Defense Department can do that only it's expected to do? And, of course, that's to kill and use violence in the name of the state when needed, period.

So when it comes beyond that to the cook, for example, the scrub would be, does the cook need to fire the rifle too? I don't know. Maybe, maybe not. Maybe on the ship. My point is, an unemotional look across the workforce is to say, and when the Defense Business Board did this and it made the front page of the *Washington Post*, which one of you was in government? You remember what I'm talking about. It basically said there's \$25 to \$40 billion, I think it was, in overlap and duplicity.

Duplication in the Defense Department workforces, and basically, all of these military people could just become civilians, and Washington just freaked out, a scientific term. But to look at these three workforces, which needs to be done for that scrub that Dr. Chu is describing and, I think, was echoed in the other panel. It has to be rational and probably objectively outside of the department's purview, then we receive buy-in at the presidential level and by Congress. Some sort of up or down vote on whatever the results are. And with the Secretary of Defense's agreement. So I'll say that point, and then secondly, I wanted to get at the commander [Casey Miller]'s point from the cyber squadron. When we're talking specifically in my paper, I talk about not that the civilians can or can't grow—federal defense civilians. I talk about linking the workforces to what happens in the active-duty force. They should grow or shrink in tandem but defense civilians don't get to bulge when active duties get squeezed.

That's exactly what happens almost every four years. DoD civilians go up, active duty goes down, and there's no linkage there, there's no rationale—there's no purpose behind it. It's just the way that things are getting done for whatever reason. Putting that point aside, though, again, I get back to the need for an unemotional examination of the facts. Today as it stands, over half of all DoD civilians are veterans. You kind of made that point. They take off the uniform, they put on the suit, and they come back.

There is a need for a discussion about all of the preferential hiring that was put in place after 9/11 for good reasons that now needs to be reexamined. Because are we now losing true core civilians? Of course, all veterans are civilians. Yes. But I'm talking about never-served civilians who bring a special and unique viewpoint to service. That's going to be different than what Secretary Jim Mattis brings, or what Mackenzie Eaglen brings, or Tim Kane, or whomever. Increasingly it's all a defense viewpoint whether you're in uniform or in the suit working for the department.

And that's something that fundamentally has to be grappled with and talked about and wrestled with.

MICHAEL J. BOSKIN: I have three quick points I want to make in my question that I don't know the answer to, and I'm sure almost everybody else in the room does. At least have a general overview of this. I failed to mention one point about the move to the all-volunteer force, which I think Tim accurately described was heavily driven by the unpopular draft. Two Hoover fellows played a very large role in that. Milton Friedman was the intellectual voice arguing for that for some period of time, and the late Martin Anderson, my Hoover colleague, was President Nixon's domestic policy advisor.

And that linkage was very important in forming Nixon's views on these things. But obviously, the unpopularity of the draft was a big deal. I want to just emphasize that the dual career earning issue is a huge issue everywhere. If you're lucky and you're hiring in a very large labor market like the Bay Area or something, it's usually solvable. But that's a minority of the total United States, and it becomes a very, very difficult problem. And I think that more flexibility and more attention to that is undoubtedly worthwhile.

I want to emphasize the point that Mike Mullen made to me at a dinner this summer that a huge fraction of our enlistees have relatives, parents, grandparents, aunts, and uncles who have served. I've forgotten. Somebody mentioned a number earlier, I forgot what it was, but it's vastly disproportionate. But people were talking about the pyramid. This is an inverted funnel

because, in every generation, there are fewer and fewer of those people. So that's something that's really not sustainable at some point. Maybe, for a while, it is with the uptick in Iraq and Afghanistan.

But these go through cycles like those acquisition cycles. We had World War II, and that worked for a couple of generations, then Vietnam, etc. But that's really something, looking at it arithmetically, that is very important to personnel policy. I have a question and an analogue that may or may not be usable or may not be used. A lot of discussion has been about service identities and so on and so forth, and we all know there are often conflicts about priorities.

Here is an example that was given about relaxing these standards. There are about twenty-six states that now have reciprocal minimum licensing requirements for professions, where as long as you pass these minimum standards, if you're okay in state X, you don't have to go through recertification in state Y. I'm just wondering if anything like that goes across the services or could be done? And more generally, a best practice that might work in an experiment like this could spread beyond the siloed services.

So does anybody have any views on that or knowledge about that? I'd love to learn a bit about it.

CHU: The department has actually worked hard to promote compacts of exactly that sort to benefit spouses. So there's a compact for nurses, there's a compact for teachers. And it's also worked on a related issue. This all occurs over the course of time. The military requires you to move frequently, and that's hard on the household in various ways. And so it also goes down to the children. In the early 2000s, the states working with the National Governors Association tried to get all states signed up for a compact covering how children's access to school would be governed when they changed states.

So each state has different ideas about how to teach math, for example. So a kid who starts out in stage A goes to stage B, and they do things in different sequences. They are now disadvantaged. A different issue is sports qualifications. Tryouts occur in a certain season that may not accord with when the military household shows up. They probably got a fair amount of traction on this issue. You have to have a campaign, is what we've discovered. There the prestige of the military is very helpful.

The military is still one of the most respected institutions in the United States, even though it has come down somewhat in the last few years, which is troublesome. And so, the department was able to get a lot of mileage out of how legislators wanted to be seen as being helpful. And this is a nonpecuniary

solution. The famous red, yellow, green kind of chart. We had a chart for every state when the governors came to visit the secretary. He would like to take out the chart. He'd like to have a governor who had all green with the governor who had all red. It worked.

I would get the states to change their policy since the one policy change that was achieved was to ensure that states would all let children of military personnel enroll in the state college university system at the in-state rates regardless of the parent's state of residence. And the further achievement after considerable work was they would also get to continue at the in-state rate once the household had moved, but the child wanted to finish their degree.

These all get down in the weeds and work the problem, find solutions. But they are, I think, essential to making military life—I don't want to say bearable, makes it sound too hard. But to accept the burdens Secretary Mattis pointed to in his comments. I think they're essential to success. But yes, the compacts are very helpful in that regard.

NADIA SCHADLOW: I have a question, Casey. Really, to anyone. When DoD created a new cyber branch or created the new space corps, did we try to inject more flexibility? It seemed that with space command, there were opportunities to do things differently, but we have inserted it right back into the existing set of dysfunctionalities. It's my understanding, as I learn more about its creation, that we took the air force acquisition corps and just made them the space command acquisition corps for the most part. We did not address the underlying problems! Am I being too harsh, or was there a way to treat this new corps in a different way, or were they just put back into the dysfunctional family?

CASEY "WALDO" MILLER: So my fear is, if we do go down the path of standing up a cyber force, that it would end up looking very similar to what you just described on the space force side. I told Roger [Zakheim] he has my favorite quote of the event so far when he said—Roger, can you say it again? I'm going to butcher it.

ROGER ZAKHEIM: The nonelected bureaucrats of the DoD, something along those lines.

MILLER: Right now, because cyber is joint, we have the same requirements across all services in regards to what training looks like for OCO [offensive

cyberspace operations] and DCO [defensive cyberspace operations] forces in support of US CYBERCOM. So that is very clean, and for each one of the specific work roles, there is a service responsible for building out what that curriculum needs to look like, what those requirements are that need to be met, and how we verify those. And so, from that perspective across services, it's pretty darn clean.

What I've loved in terms of thinking outside of the box and what I would love to see is if there is some—no kidding—progress being made, especially given some of the verbiage in the most recent NDAA in terms of asking the services. And I can't specifically remember who it was that was asked to consider what a cyber force would look like by looking at what's done in industry, with the idea being, can I put the best person in the right job regardless of the amount of time they've spent in the service?

So, one of my favorite stories, a very good friend of mine separated from the air force right before he pinned on major. He was set to go be the DO [director of operations] of a cyber operations squadron. The reason why he left was that he got picked to go be the CISO [chief information security officer] for Pokémon. So you have this person with unbelievable talent who can just go and just crush whatever challenge is handed to him. The growth plan the air force had him was simply that he'll go be the DO.

Whereas from a strictly talent-based perspective in this space, he was way beyond that. Really way beyond anything that we even have within the air force. And so, how can we look at the unique value that each of our folks brings, and how do we build a structure that, at the end of the day, allows us to put the right people in those right positions at the right time regardless of how much time they've spent in uniform?

TIM KANE: I just wanted to add to what Casey and I were speaking about earlier, regarding the situation his unit faces. We all should have this number ringing in our ears: 80 percent attrition rate. Why is that? Correct me if I'm wrong, Casey, but is this not a situation where the typical young cyber officer or NCO [noncommissioned officer] simply wants to continue in their current job? They want longevity, but there is no systemic flexibility. We tend to hear "flexibility" as a cry for a system to allow faster movement, but in this case it is a vast majority of workers begging for flexibility to move slower. They want to stay at that location doing that job, and they're told, "No, you have to move to something completely unrelated to your cyber mission where you have all these amazing skills." That's one problem.

The second problem is the lack of differential pay in the ranks. Today, if you're an E-7, you get paid as an E-7. There are essentially no performance, merit, or skill bonuses in any military branch. Two exceptions are combat pay and flight pay (which ironically is not for serving as a pilot, rather it's for being qualified to fly). The Pentagon actually could really make a dent in keeping people on a mission if it had those two kinds of flexibility. Is that fair to say, Casey?

MILLER: It is. And it kind of brings those two things together. What I think is unique is I don't have folks leaving before their commitment is up. So they leave when the air force tells them it's time for them to leave.

KANE: Time to rotate.

MILLER: Correct. So they're getting job offers, and they could be leaving. They get to my unit. They owe two years because of the move. But they're getting job offers. So they could leave in two years. They're staying, and they're continuing to do the mission until the air force is physically telling them we're going to move you, at which point they're dropping their paperwork.

And then the other phenomenon that's been very interesting for me to research and then look to apply within the air force is my best folks were going to be incredible regardless of whether they joined the air force or not. There is nothing that we are providing them in the service in terms of training or education that is making them amazing. And I think that changes the inherent relationship between the service and the individual.

BRADDOCK: I'm going to take the last three questions. Mike [Brown], if you'll go, then Admiral Mullen, and then Jackie [Schneider].

MICHAEL BROWN: I want to pick up on Casey's last point where we're trying to bring in people who have unique skills, subject matter experts, such as Raj [Shah] and me. [As leaders within government,] we're trying to bring in people who have some expertise in some of these different emerging technologies. Think about AI, cyber autonomy, etc. And this is a question about this mismatch of our view of how we're going to use our same old process with people who have lots of choices. So, for example, we were trying to bring in an AI expert. He was a PhD in computer science at Stanford and a Rhodes Scholar.

And we went through the selection process [and told the candidate,] “Fantastic, we’d love to have you.” He was ready to come. It took us *seven months* for the Pentagon to generate the offer letter. So we’ve already been through the selection process, [then] seven months at Washington Headquarters Services [to do] the paperwork [to generate the offer letter]. And we can’t operate this way where the candidate has so many choices, and we ask them to wait seven months to come on [board]. Not to get a security clearance, just the offer letter to start work.

So this is a huge opportunity if we think about needing to bring digital skills into the military, which we vastly need. I would argue that we don’t have nearly the skill set we need with digital-age talent, and yet we are really still in a mode where you should be lucky to get the government paycheck and please wait for us to generate the paperwork to get it. I can’t even express my frustration. How do we change that? So maybe some input for the PPBE [Planning, Programming, Budgeting, and Execution] commission. If someone has any suggestions, I’d love to hear them. But it’s the most frustrating thing I encountered in my government service.

H.R. McMASTER: I just want to make a quick point that those are probably long-term civil servants who are unfireable who are responsible for that personnel process. So I think civil service reform is necessary.

ADMIRAL MIKE MULLEN: Just, actually, a couple comments as opposed to a question. One is, and this is from a service chief perspective, from a chairman’s perspective, and from a uniform perspective. Don’t give any more civilians to DoD. They’re up 40 percent or 50 percent, whatever the number is. I don’t need them, quite frankly. Give me the right ones. Whatever the combination is, I’m fine with that. We have way too many, and that is a huge part of the bureaucracy. Secondly, the recruiting problem at its base right now is the influencers are not telling the kids to go join.

So the parents, the coaches, the teachers, the people that influence the potential recruits. Even post 9/11. We’re out of the 9/11 window. It’s been twenty years, whatever it is, where we had them lined up ten deep across government, not just in the military. And so, we’ve got to change how we’re doing this.

So what I like about your paper, David, is within all services, we all need to adopt the marine corps model. With the marine corps model, basically, 80 percent of the battalion commanders—which is the key command level

in all the services—80 percent of them were recruiters. What [marine corps commandant Charles] Krulak did in the 1990s was he took all of his best majors and put them in recruiting. They then screened for battalion command, and 20 percent of the flag officers in the marine corps were recruiters.

You need to have that throughout, and I don't think the marine corps has missed a shipment of recruits since that time. That's the model all services need, something like that. If you want to fix recruiting, you've got to get your best people in it. It's where we start. If we aren't recruiting well, we don't have much of a future. And the other services, none of the other services, including my own, do it that way.

The retirement piece is interesting, David, because we did go to this blended system, and Tim, you mentioned it. But I hope we haven't forgotten the fervor when the law actually changed to, I think it was 38 percent. And that lasted one year because the fervor was this: It's this twenty-year thing, it's been 50 percent, it's been locked in forever, and there's a psychological barrier there that you almost can't get over. Maybe we can now, but historically we were unable to get over it. And I'm also reminded, the number may have changed, but 17 percent of our force get to twenty years, or some number like that, and we do pay a huge price for that. But changing that is a monumental task, and the best way to do it, I think, would be grandfathered as opposed to anybody who's actually serving. So it's a long time to put into place.

And then Michael [Boskin], just to pick up a little bit on what you said—and I thought you were going to make a related point—back in the day when I was a service chief—a joint chief, actually—I worried, and still worry, about our military becoming further and further disconnected from America. That gets me to the draft piece. We're smaller and smaller. We come from fewer and fewer places, and we don't broadly represent America at large, the democracy that we need to be so careful about.

Back in the day, President George W. Bush was hosting sixteen four-stars for an hour in the Cabinet Room at a dinner. This was with Secretary [Donald] Rumsfeld, and the Bushes were great. They did this every year, and we'd have dinner over there with our spouses. Before that, we'd meet with the president. There was a break in the discussion with sixteen four-stars, and Rumsfeld said to President Bush, "I don't know, Mr. President, if you know this, but fifteen of the sixteen four-stars sitting here have kids in the military." That got my attention. From then on—this was in 2005 or 2006—I started to pulse that as I went around the forces over the next five or six years. The number of troops who were there because their parents were in or were more

senior NCOs who had kids serving both enlisted and officer ranks. What I worry about is, we become a class unto ourselves, and that creates more disconnection from the American people. We have to be very, very careful about that. That's another family piece that's very relevant in the current force that we have.

BOSKIN: Absolutely. The separation from the broader population issue is as important as the numbers, perhaps more so.

JACQUELYN SCHNEIDER: As someone who has served as active-duty, reservist, civilian, and for a brief second a contractor, I really appreciate this conversation, because I've been on all sides of the panel on this one. I want to get back to a previous brief discussion. Tim, in your PowerPoint about qualifications, you said, "I don't want to decrease the qualifications. We want the best and the brightest." I think that's true. There are, however, some things that we've done to ourselves that have nothing to do with the best and the brightest. There is a litany of medical reasons why individuals are summarily not allowed to serve, and that has not been reviewed.

Now, because of the digitization of records, they're finding that it's really, really difficult to bring forces in because we used to just lie. "Oh, I never had childhood asthma. Are you kidding?" Now they can see, "Oh, right. Yeah." Now they can see. That's something we're doing to ourselves. There is a larger question about the force that we're building today versus the force that we might need if the Taiwan scenario or some other major commitment of our forces occurs. I'm not confident that we can keep up the quality and the quantity required for that type of conflict. It brings up a whole question about the draft but I think something that we haven't talked about here at all is what the role of the reserves should be as we think about pivoting toward China.

The reserves as they are right now, it's partly the beginning of the total force, which is the all-volunteer force, which is fifty years old this year. It's also a product of twenty to thirty years of the reserves being a one-for-one substitute for active-duty units, which was extremely helpful for decreasing the public pain of sustaining two decades of conflict without having to go to a draft. The problem is, because of that, we haven't invested at all in the strategic reserve. We have billets for strategic reserve, IRR [individual ready reserve], PIRR [participating individual ready reserve], and nonparticipating and participating ready reserves. None of the services actively maintain this. There's almost no roster of talent within this specialized reserve force. Even in

the very few circumstances where IRR is actively being used, the air force has a few of these programs, none of the services actually fund the administration for these types of reservists.

I am a flexible reservist. It's called an IMA [Individual Mobilization Augmentee] program: I am alone. Currently, I can't be paid because the IT system is on Internet Explorer, and it went down seven days ago, and they don't know when it'll be back up. That's kind of funny and anecdotal but it's a theme because there hasn't been an investment in a flexible reserve force. I would say I hope in the future, as we think about the future of personnel, we lean more heavily on the reserves and think about how we can build a flexible strategic reserve force so we can maintain the quality and the quantity.

CHU: I think you made a great point about the power that reserve appointments can give to solving problems in the department. It's an opportunity to have our cake and eat it too, if we're willing to ingest it. That's really the challenge, is to be sure that the enterprise, especially active force, is willing to accept people, for example, who go in and out of service. That's not a general pattern that's applauded, unfortunately. There's a cultural change, I think, that's needed to exploit the full benefit of using that appointing authority, back to Michael [Brown]'s problem getting his expert on board.

On the civilian side, the answer to your problem is what's called direct hire authority. I'm disappointed they didn't have that. My solution would be just give DoD so-called direct hire authority. And that goes back to one of the flexibilities I think we need in terms of the future. The white-collar civil service system is really a heritage from the late nineteenth century when the principal function of the US government was paying civil war pensions. That's a clerical task. It invites, again, this hierarchical system. It's where we get the general schedule from. And, of course, there's this issue of fairness that everybody has to be considered, which is what gets in the way, basically. It's typically, maybe not in that particular case but particularly what leads to the inability at a job fair to say, "You're hired," which others can do in their hiring.

There's no reason DoD can't do that except for certain statutory constraints. That's why I think civil service reform is one of the most important avenues to further progress in federal government performance in the United States. Whether we ever get back to that, given the opposition, which is very strong from the union perspective. They do not like the direct hire approach. They're the strongest defenders of the lists of three, or seven, or whatever it

might be, that you have to consider and go through. Again, back to one of my main theses, it will take the president backing civil service reform in a big way to get us from here to there.

BOSKIN: And David, maybe given the politics of it all, it will take a Democrat president. It took Nixon to go to China. A Democrat couldn't have done that.

CHU: I think it's in everyone's interest to get civil service reform. The question is how we get everybody together. Back to Secretary Panetta's challenge, how do we get everybody on the same page?

BOSKIN: I totally agree with that. I think the lift will be extra hard for a Republican president. It would be easier for the unions to totally oppose.

CHU: Yes. There's a book by one of my colleagues, Peter Levine, that goes into the history of the failed national security personnel system or the failure to sustain the national security personnel system. Peter's main point is that we did not have bipartisan backing for it, so it became a partisan issue. You can get it. What history demonstrates is that you can get it to happen on a partisan basis. For the better part of four years, five years, we did have a different system for DoD, including, most importantly, back to your compensation issue, a different pay system. We were successful in removing the ceiling on civil service pay. We could pay up to several hundred thousand dollars a year if we chose to do so. We got pay bands, which are the source of flexibility.

In other words, instead of having fifteen grades for white-collar workers, we had four pay bands. You, the manager, could name any number within the pay band associated with that particular job—wonderful flexibility. Despite the fact there was some bipartisan support [for the reform], despite the fact that Senator [Carl] Levin [was a supporter], and despite the fact that when President Obama revoked the system, the statute allowed the secretary to repropose that feature. Unfortunately, the administration decided not to do so.