

**THE TWENTY-FOURTH CHARLES L. DECKER LECTURE IN
ADMINISTRATIVE AND CIVIL LAW[†]**

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General Black, distinguished guests, it is truly a privilege to join you this morning and to speak to the issue of transformation in our Department of Defense, as it affects our people.

A first question that is often asked when the subject of transformation is raised focuses on the definition: What exactly is “transformation?” How would we know it if we saw it? Drawing on my economics training background, I think there is a story that economists like to tell about themselves that illustrates the essence of transformation.

In this tale, an alumnus of a major graduate program comes back to his alma mater some years after he graduated to visit his favorite professor. He arrives at examination time to find that she is engaged in proctoring the exam, so he waits patiently in the back of the classroom. While he is waiting, he opens the exam booklet to see what questions are being posed and discovers, to his astonishment, that the questions she’s asking are the same questions that were asked twenty years earlier when

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Dr. Chu earlier served in government as the Director and then Assistant Secretary of Defense (Program Analysis and Evaluation) from May 1981 to January 1993. In that capacity, he advised the Secretary of Defense on the future size and structure of the armed forces, their equipment, and their preparation for crisis or conflict.

he was a student. When the students finish the exam, he goes up and greets her and asks immediately, “Isn’t it a little strange to ask the same questions? If you don’t change the questions, the students become too practiced in their answers. There is no real test of their underlying mastery of the material.” She smiles at him and says, “Remember, in economics we don’t change the questions, we just change the answers.”

That, I think, is the essence of what transformation is all about. It is about changing the answers to classic questions regarding how we organize, train, deploy, and utilize military forces on behalf of the United States and her security interests.

Of course, at the heart of any organization, be it military or civilian, stand the people of that enterprise. You see that today in the patience and fortitude of our Soldiers in confronting a very difficult insurgency halfway around the world. You saw that in 2003 in the march to Baghdad, executed with minimum force in an extraordinarily short period of time. You saw it fourteen years earlier in the performance of Americans in the first Persian Gulf War in ejecting Saddam Hussein’s forces from Kuwait.

As that set of historical antecedents illustrates, people, as the central element of the organization, are important, not only because they

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Dr. Chu began his service to the nation in 1968 when he was commissioned in the Army and became an instructor at the U.S. Army Logistics Management Center, Fort Lee VA. He later served a tour of duty in the Republic of Vietnam, working in the Office of the Comptroller, Headquarters, 1st Logistical Command. He obtained the rank of captain and completed his service with the Army in 1970.

Prior to rejoining the Department of Defense, Dr. Chu served in several senior executive positions with RAND, including Director of the Arroyo Center, the Army’s federally funded research and development center for studies and analysis, and Director of RAND’s Washington Office.

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determine its performance, but because they also affect how society perceives that institution. The results of the first Persian Gulf War trumped the long national concern about its military forces that arose out of the Vietnam conflict. The military, post-Gulf War, became, as you are aware, the leading institution in terms of respect accorded by Americans in polls, when people are asked to rank institutions. Ever since that conflict and that extraordinarily fine performance, the American public has ranked the military number one, and that continues until the present day. Our reputation is a precious resource. Without that resource, it is very difficult to get quality young people like yourselves to decide to put on the nation's uniform and to serve her interests, often in very difficult circumstances.

What I would like to do today is speak to the changes that the Department seeks to make not only in how we recruit but, even more important, manage and employ the people of the Department. There are really, I would contend, four large personnel communities for which the Department of Defense is in some measure responsible. There are, first of all, privately employed personnel, contractors as they are often labeled, who support our operations. It is certainly true in Iraq today. There is a long set of issues attached to the use of contractor personnel—what is their role, should they carry weapons, what about the law of war and so on and so forth. I will not attempt to deal with those issues today because I want to concentrate on the other three communities to which we have a responsibility. Those are of course, the civilians, the federal employees in our ranks; the reserve forces of the United States, some of whose members are joining us in this audience; and the active military of the United States, who constitutes most of the attendance of this particular school.

In each of these areas, is a set of challenges the Department faces—challenges to which we have sought to respond by a series of proposals that we would argue are, in their essence, transformational in nature and that in many cases, indeed a majority of cases, require statutory action, changes in the law of the United States in order for the Department to proceed.

Now you might ask at the very start, “Why is so much in this regime, the personnel regime, imbedded in statute?” I remand that to the school and center here as an interesting subject of philosophical inquiry because I do think it is a good question. Why has the country decided over a period of many years to put so much detail about how we manage people

into permanent law? We don't do that for weapons systems. We buy a weapons system. When Congress authorizes a ship, it is up to the Department to decide what that ship will look like within some broad outlines and, absent contrary law, how we will go about buying it. But when it comes to people, we specify things down to the last dollar.

I raised this question with a long-time former staff director of the Armed Services Committee: "Why do you have to micromanage so much?" He said, "You think this is bad, let me show you the Appropriations Act for 1791." In that Act, Congress specified the pay of each Soldier by name, down to the individual. "So, okay, point taken. This is better than the alternatives." But I do think this question is one for the long term. It should be part of our strategic thinking. Does Congress have to specify as much as it does in the permanent authorities accorded to the Department?

Let me take each of the communities I mentioned in turn and very briefly summarize the challenges we face and then turn to what we are trying to do in the Department of Defense today to meet those challenges successfully.

First are the civilians, where we have two central problems. The first problem has to do with how we are perceived. We are not perceived well. That is not unique in the Department of Defense. As one installation manager put it, "The good young people in my state won't take my jobs." That's a devastating indictment. It is particularly devastating at the juncture in history at which the Department stands and at which other cabinets in the Department stand. Half our work force can retire in five years. Not all will retire in five years, but in ten years or so we will turn over much of the civil work force we have in this Department. We have to be able to recruit able, young Americans. When you look at poll results for how young Americans think about the government, you discover an astonishing fact. Young Americans, just like you, put public service as one of their preeminent career objectives. But when they are asked, "Where would you prefer that public service?" I regret to say that government is not the first choice on the list. That is a terrible indictment of how we are perceived in the civil community.

At the same time, we are not well-perceived by managers. You look at the behavior in the Department, when it comes to carrying out a mission task (and not just the Department of Defense, it is true of other cabinet departments as well). When it comes to carrying out a mission

task, the reaction of managers is not to ask, “How do I appoint additional federal civil servants?” The reaction is either to turn to military units or to turn to a contract organization. The reason, I think, is because managers do not see the civil service, as it has come through today, as a flexible, responsive, and effective instrument to meet our needs. That is not a criticism of the people who are civil servants; it is a criticism of the rules under which they are engaged and by which they are managed. I’ll come back to this in discussing what we’d like to change.

Second is the reserve force of the United States. A generation ago, Secretary Melvin Laird announced it would be a total force. It was an announcement that did not characterize the reality of the time. The Department has worked very hard on making that a reality over the last generation. It has made enormous progress, but there is still room for substantial improvement, starting with the statutory foundation. When you look at the law on military forces, there are often separate provisions for the reserves, different from the provisions for the active forces. In many cases one has to ask, “Why do those differences exist?” They reflect, really, another time where the reserves were seen as a very different community—a community to which a nation would turn only in times of national emergency, not as the operational reserve our compliments have become today. And so, in that world, yes, sharp lines and divisions may have made sense. Our contention is they no longer are helpful. Indeed, they are harmful to our national interest in the present day.

Third are the active forces of the United States. There we have a different set of problems. Three, which I think are most important, are the focus of our efforts. The first of those problems has to do with the length of time that someone spends at his or her post, particularly flag officers. For a long time in this Department, our flag tenure was about two years. I barely won a small bet with the Secretary of Defense that it was two years. His bet was eighteen months. It came out exactly at twenty-one months, so I felt it was more of a victory for my side, although, he would argue that he won that engagement! This is too short. You look at how other organizations manage their senior executives; no one really hopes to be effective with executives who are in place for only two years. You cannot outline and see through to a successful conclusion the kinds of changes this Department must contemplate with such a short tenure. The problem, of course, is if we ask senior executives to stay longer in any one post, they are likely to stay for a longer career, and that raises questions of whether we can

manage promotions longer for the entire force, such that younger officers, like yourselves, can look forward to the rate of advancement that has characterized our military force in the Cold War and post-Cold War period. Can we have our cake and eat it too?

The second challenge we face for the active force is how we realize the full import of having moved to a volunteer force some years ago—how we strengthen the ability of people to identify for themselves what they would like to do so that they are more committed to the course of action that they must undertake. We have some progress, I would argue, on that front to report.

Third, for the active force, as it has changed, particularly in a volunteer army, what you might call the “social compact” needs to change as well. Thirty-one years ago we had a draft force. Largely in the junior ranks, single personnel. Now we have a force that is volunteer, all volunteer. It is largely a married force. There are a number of reasons for this outcome, but it also means that their desires, their needs, are different from the force of thirty-one years ago. Therefore, our responses need to differ as well. The sort of understandings between us and the people wearing the U.S. uniform need to change to respond to their life circumstances, which differ from those of their predecessors.

The Department has been through personnel transformations before. In fact, I have referred in the last few moments repeatedly to one of the most important—the decision to pursue an all volunteer force made by President Richard Nixon in 1973. It was a great leap into the unknown. At that time, no country maintaining an armed force of the size of that belonging to the United States attempted to create such a force exclusively through the use of volunteers. The British did have a volunteer army but it was much smaller in absolute magnitude, and relative to its population base, than that of the United States.

Indeed, the first ten years of this experiment were not happy. The volunteer force almost failed for a variety of reasons in the 1970s. Those reasons were addressed toward the end of that decade, and by the mid-1980s, the volunteer force was soundly on the road to the successful outcome we all know today, and to the point that no military leader in the United States today would welcome a return to conscription—Let me deal with that rumor, which I am sure you have all read as well. The President, the Secretary of Defense, every official of the Department, is

on record, including the senior military, as stating that we do not want conscription back in the United States. It would be a failed system returned if we were to take it back as our policy instrument.

But the transformation to a volunteer force was not the first such paradigm shift on the part of the American military. You can look at how the officers who led our country successfully in the Second World War brought the principles of the up or out promotion system to bear on the management of the officer corps very successfully in the post-World War II years, celebrated in the Defense Officer Personnel Management Act of the 1970s. You can look to an earlier era, when Elihus Root, Secretary of War, brought the school system notion—the idea of what other professions would now call “continuing education”—to the American Army, with great effect on the success of American arms in the Second World War.

On the civilian side, you can look back to the Pendleton Act in the 1880s, which settled the great battle between the Jacksonian and Jeffersonian schools of thought as to how civil servants should be selected. Jackson, of course, believed civil servants should be responsive to the political leaders who appoint them, which resulted in the excess of what some term the “spoils system.” Jefferson, of course, stood for the very principled idea that essentially won out in the Pendleton Act.

Let me take each of these challenges, starting with civilians, and review how the Department hopes to proceed if we are to be successful in meeting the new world reform. As I suggested, our civilian rules basically come from the late 19th Century. It is, therefore, not surprising that they would be somewhat outdated relative to the problems we now face. What was the largest activity of the U.S. federal government in the 1880s? It was paying the pensions of civil war personnel—a very different activity from being the sole surviving great power in the world— a very administrative activity, not a mission-oriented activity. There are three areas in particular that we have concluded need to be addressed if we are going to have the kind of civil service that we need for the future.

The first of these areas is what the personnel community routinely calls “staffing flexibilities.” This is a nice euphemism meaning how we hire people, how we pay people, and how we fire people. The bottom line is that the current processes are rigid and unresponsive. On average, it takes the Department three months to hire a civilian. That is not

competitive when you go to a college job fair and IBM at the next table is, quite literally, offering someone a job either on the spot, or within a week or two of the interview process. We have to say, “Wait for us. Fill out our forms. We’ll let you know in a few months. If you need a security clearance, it will take longer before we can tell you whether you have a job.” You can see how this will not be successful in repopulating the federal government for those who are soon going to leave our ranks.

Likewise is the issue of compensation. Compensation for civil servants is largely driven by tenure, not by performance. But it is performance that we care about, not how long an employee has been there. It is fortunate that the Department was given by the Congress, beginning in the late 1970s, authority to experiment with different kinds of civil service management, starting with China Lake, a laboratory out in California. We have tried a number of arrangements that allowed us to advance to the Congress in 2003 proposals to apply the most successful elements of these earlier experiments to the Department at large. Congress generously granted us that authority.

So in terms of hiring, we can move away from the rule of three—the rule that you must, as the manager, pick from one of the top three candidates that is given to you. You can not look at the whole list to do what we call in the personnel world, “categorical ranking,” meaning you can, much like officer promotions, you can put people in zones—best qualified, qualified, not qualified. You can pick whomever you like from the best qualified pool until that pool is exhausted.

Likewise, in terms of pay, one of the successful experiments at these first laboratories over the last twenty-five years was a notion of “pay bands,” moving away from the general schedule system, in which someone in the classification element of your human resource community decides essentially what you can pay someone, to a situation where you, the manager, can decide what you need to pay to be competitive in the marketplace. So an accountant in Houston may not be paid that same amount as an accountant in Denver, even though the duties are the same. You the manager need to be able to react to that reality.

Even more important, you need to be able to reward people who perform well with a larger increase than those who have performed weakly. Indeed, you need to be able to say to someone who has performed particularly badly, that you are taking some compensation

back until they improve their performance. This is a well-established principle in the private sector but not something we could do in the government up to this point. The solution is what people call “pay bands.” Let’s just say that instead of having a classification person establish a grade, which then attaches to a salary, you establish a few career fields, and you establish a range of compensation that applies to each career field. How many pay bands and career fields we will have in the Department is a subject of work by those designing the new system. We will have to wait and see what they conclude, but my hope is that they pick as few as possible to give managers maximum discretion in actually carrying out their mission.

The second area, in which we felt that we needed new authority, has to do with how we handle appeals when disciplinary action is taken against employees who have transgressed. The current system is very lengthy. It is, indeed, true that justice delayed is justice denied. It often takes a couple of years to adjudicate a case, and this delay is perceived by managers, not perhaps quite fairly, as unfriendly to their discretion. One of the most egregious cases involved an individual who tried to run her superior down with her automobile. We thought that was a grounds for dismissal, but that was not the conclusion of the merit system. The employee claimed it was an accident—that she just stepped on the accelerator by mistake.

Congress has given us the authority to work differently within the appeals system, as it now exists, in a manner that we think will be more effective, as well as an interesting option for the future. After a sunset period, we can go to an entirely different appeal board, if we so choose, than the Merit System Protection Board that now governs these issues.

The third area in which we thought we needed a new paradigm, as far as civil personnel management is concerned, involves our union partners. Under the previous construct for the Department of Defense, we had to bargain every issue at the local level. There are 1,366 locals in the Department of Defense. You can see how long it could take to deal with even the most straight-forward of propositions. And so years after we began the process of, for example, testing certain employees for drug usage, we are still, in the case of a few installations, bargaining over this question. Likewise, years after starting a process to ensure we could recoup monies from employees who abuse their federal credit cards, we are still bargaining with some locals over that issue.

The alternative, which Congress has sanctioned, is to go to national bargaining with unions when there are cross-cutting issues involved. In so doing, we hope to get a uniform system in the Department and to simplify the administration of the Department, thereby making it more effective. Now this may be a case, as the famous aphorism goes, "Be careful what you wish for, you might get it." There are downsides to national bargaining, and I think we are discovering some of that in the difficult process of actually getting to the full launch of the National Security Personnel System as we seek to roll it out.

A word or two on the statute, because I do think from a legal perspective, it is interesting how we proceed here. There was some discussion in the Department as to whether we should attempt to put the rules for defense civilians into Title 10 of the U.S. Code which governs this department. The conclusion at the end of the day was, no, let's revise Title 5, which is the part of the federal code that deals with civil servants. But, at the same time, let us provide the Department a series of waivers to provisions of Title 5 and specify a process by which those waivers might be employed. One of the most important elements of the process specified in this is a partnership between the Department of Defense and the Office of Personnel Management, which Congress believes will be watchful for the interests of the civil service. That process is now unfolding.

We have teams working on the different key elements that I have just described. They are beginning to bring to the table the draft regulations. We hope soon to publish those draft regulations, after appropriate consultation with our union partners. The objective is to launch the first part of the Department into this new system toward the middle of next year and to bring the entire Department under these revamped rules over a two to three year period of time.

We recognize that this is an evolving, living organism. You might argue that our judgment as to what rules are best is likely to change as we actually employ them and gain further experience. We are open to those changes. No one believes that anyone owns a monopoly of wisdom as to the best way to employ the broad discretion that Congress has given us within Title 5 of the U.S. Code.

We turn from the civilians to the reserve forces of the United States. As I argued a few moments ago, we think the central problem is the remaining barriers to making this truly a total force—one force—so that, as several people have reminded me in my visit here today, you should

not be able to tell from looking at someone whether he or she is a reservist or an active duty Soldier. The level of professionalism, the level of preparation, and the ability to perform ought to be the same once a Soldier is deployed into a theater of operations.

We have tried to subsume the changes in the rules that we need, many of which are statutory in character, under the phrase “continuum of service,” to underscore that it is a single unified force, and that we should not think of reservists as, some like to say, “weekend warriors,” and the active force as something different. So at any point in time, an individual reservist might be serving the classic thirty-nine days a year through weekend drills and two weeks in the summer time, or they might be serving some longer or shorter period during that particular year, going all the way up to the full-time service we expect of active duty persons.

We also intend the phrase “continuum of service” to speak to changes over a person’s career. The old model has been that if you leave active service you might go into the reserves, but you never really come back. It is very unusual to return to active service. Why is that? Why could not people whose personal circumstances change again make the 24/7 obligation that active service requires? Why couldn’t they step into a reserve role for a period of two or three years, with the focus on those issues in their lives that then need attention, and then return to join a different cohort on active service, assuming the individual maintains his or her professional preparation, readiness, and ability to serve the country? What is wrong with that? We’d like authority to move people back and forth in a seamless fashion, which is not entirely encouraged by the law. Indeed, we would like the authority to have auxiliaries in the Department of Defense, much like the Coast Guard, which interestingly enough was not something we could do without a statute. We now have important changes in these parameters of the reserve forces of the United States thanks to actions by Congress in this year’s authorization bill.

Let me call out three areas, in particular, from the reserve forces that I believe need emphasis and deserve our attention. First, perhaps most important from a political perspective, even if its legal implications are limited, is that Congress has adopted a new statement of purpose as to what the reserves are all about. This statement of purpose emphasizes, in effect, the degree to which the reserves have become the operational reserve of the United States and not just a strategic reserve, called up once a generation or two when the nation has its back to the wall. The

reserves have become, as they need to be, the surge capacity of the United States to conduct military action.

Second, there was a statutory rule that if you served on active duty for 180 days or more as a reservist, you counted against active end strength limitations. What the implementation of that rule led to was the unfortunate game of putting people on 179 day orders so they would never count as part of the active force. Take them off for a day, put them back on. This was very disruptive and did not allow for the kind of planning that was needed. This procedure certainly did not send the signal that it's one single force with this mechanism. That rule is gone. We can now have a reservist on active duty for any period that is useful to our country's situation. We do have to account for them and there is a ceiling, but we can live with those restrictions.

And third, perhaps most substantive in its effect, prior to this time, we could not bring a reservist to active duty simply because we felt his or her training needed improvement. We could—we are very thankful to the general counsel's office for this excellent ruling—bring someone to active duty in the current mobilization if his or her unit was going to be mobilized, and we discerned the training of the individual needed improvement. We could not proactively go out and look at our reserve units without a decision having been made that that unit was later to be mobilized. This prohibition impeded our ability to move to the paradigm of the future, which is that the reservists will be trained in peacetime so we can mobilize them and deploy them promptly when a crisis so requires. We cannot do with a long period of preparation before a reserve unit can be used overseas or in a difficult situation in the United States. The authority to mobilize, at least a certain number of reservists for training, is now something which is part of the Department's tool kit.

Finally, I return to the active forces of the United States. I mentioned several problems that we have, particularly the question of tenure, the question of how we strengthen volunteerism, and the question of what the social compact of the future should look like. The U.S. active force already possesses a tool kit with significant flexibility, and so we do not need quite as many statutory changes, but we do need some.

On the tenure question and the career length question, what we need is a set of solutions that enhance longer tenure and longer careers for some, but still allow us to encourage the prompt retirement of those who are not advancing to the very top, in order to avoid clogging the promotion system. We need greater flexibility about maximum age;

today, we cannot have an officer over sixty-two years of age on active duty, except for ten the President may so sanction at one time to the age of sixty-four.

We need to reward people who are willing to stay for longer periods of time with a more generous annuity so that they can provide for a surviving spouse, a real issue for many of our senior officers. We need the ability to waive various restrictions and statutes that require three years in grade in order to retire at that grade. I regret to say we may have less progress on this front, partly because the Department has not aggressively used the flexibility it already possesses and partly because Congress has yet to be convinced that this is all a good idea.

We intend to return to that debate in the year to come, and I am encouraged by the fact that we have succeeded with both the civilians and the reserves, after considerable investment in political capital. Further effort will likewise yield the kind of flexibility that will be helpful for our officers as well. A good deal of what I have described, in terms of officer tenure and careers, we can accomplish with tools currently at our disposal, but the additional flexibility would be valuable for our future effectiveness.

Second is volunteerism. Volunteerism depends ultimately on incentives. In other words, you need to be fair to people whom you are asking to do something more difficult, more arduous, and different from the rest of the force. One example that Congress gave us two years ago is what we call "assignment incentive pay," meaning the right to pay up to \$1500 a month for someone who accepts an assignment that is more difficult to fill than most. The Navy has been aggressively using this tool.

The Navy, essentially, is running an eBay site for difficult-to-fill assignments. They list the assignment, the credentials for that assignment, to include grade, skill, etc., and they say, "Fill in the blank with what it would take to persuade you that you would like to do this assignment." My only regret is that the Navy did not accept my suggestion to allow for negative numbers when this was unrolled, because, in fact, one of the most fascinating conclusions from this important experiment is that a major fraction of those bidding for these jobs have asked for zero additional compensation. Most just want the right to control more firmly their next assignment choice, which is enough to get a lot of people to step forward.

Some of you may be aware, if you were stationed in Korea, that we have offered the unaccompanied-tour-Soldier in Korea the chance to extend, and we will pay him a rather modest additional amount per month. I am pleased to say that we have 8,000 volunteers to stay longer under those circumstances. We would like additional authority in this regard. We would like to increase the levels of what is called “hardship duty pay.” Congress is reluctant to give us that discretionary authority. I think that is one point of difference between the executive and legislative branches. Congress is reluctant to give us this discretionary authority until we have made a more convincing case. Congress, in contrast, is eager to impart permanent authority across the board—changes that go to everyone, regardless of what the circumstances might be, over which the executive branch has no discretion. I point to the dialogue over imminent danger pay and family pay allowances cases as cases in point.

Third is the social compact, which is to say the needs and desires of military personnel today, particularly those with families which are different from those of a generation ago. We put a lot of our money into what was traditionally valued, and that is still important. But two of the issues today are not issues that were there a generation ago. Those issues are: “What career might my spouse enjoy?” and “What kind of education are my children going to receive?” In the draft era, the force did not tend to have a spouse by the rules of the game, in terms of how we conscripted people in the American military, except for the career force. So now we have a force that is largely married. Spousal careers matter and matter a lot. There are things we can do here, although often there are things we cannot do alone at the federal level. One is the issue of licensure—as a service member moves around, a professional spouse may have to be re-licensed in order to keep her job. In an unfortunate case at West Point, the spouse already had been accredited in California. New York’s rules were totally different. The spouse spent thousands of dollars getting the California license and would now have to spend thousands more and another year to get certified in New York.

We have challenged the National Governors’ Association to reconsider the states’ stance on this and to begin using some of the compacts that are out there. There is one for nurses, as an example, which essentially allows for some reciprocal recognition of licenses across state lines. That is part of the solution. But issues such as unemployment compensation remain. The rules of unemployment compensation are that you have to have been fired—that you must have lost the job for no reason accruing from your own self interest. Most

states rule that if you move with your military sponsor, you quit; you weren't fired. This holds true even in cases overseas where the spouse could no longer work if the military member moved back to the United States from Germany, for example.

Virginia is one of the toughest states. I do not mean to disparage our host state, but Virginia has ruled against military personnel upon spouses' return from Germany. Basically, the state has said that unemployment was a voluntary decision, even though the spouse could not continue to work because of the change of station. That is a difficult nut to crack, but we do know that military spouses suffer more unemployment and lower lifetime wages than other individuals of similar education and experience level in the civil sector. That is something we need to find a way to overcome. A fairer set of decisions on unemployment compensation is one way to proceed.

Education, of course, is a state and local issue, not a federal issue. This is proving to be one of our toughest challenges. You look outside the gate of too many of our posts, where the schools are not at the level of Fairfax County, Virginia. There are locations where we have chief petty officers in a major U.S. city paying private school tuition to send their kids to a better environment. The answer is not for us to pick up the checkbook and write a check. Often, it is not money that makes a difference; it is organization. The effectiveness of local school systems is an issue, and I think it is going to be one of our most difficult problems to address. But it is a problem we think we need to address if we are to be successful in sustaining this volunteer force over time.

What is at stake in all of this? What is at stake, I would argue, is really the future of our military force and its effectiveness. On the civil front, the stake is what the civil servant role will be. If we do not succeed in reforming civil service in the Department of Defense, it will, in my judgment, slowly shrink. We will be left with a personnel stool with fewer legs and less stability and less effectiveness than would otherwise be the case. What is at stake in the reserves, as I have argued, is our ability to meet national needs in an era ahead of us that is going to be very challenging. We need to sustain a volunteer force in that era and be able to have the kind of extraordinary surge capacity that the reserves have given the United States since September 11, 2001. What is at stake in the active force is nothing less than the excellence of the American military over the long term. It is the finest military in the world today.

I know there are many who would ask, “Why should you bother to change the rules of the game when you are doing so well?” One of the things I make myself do is to carry around my athletic gear bag, a bag from Pan American World Airways. Most people in this audience look too young to remember the heyday of Pan American World Airways. When I was a child, it was the finest airline in the world. It pioneered virtually every major international air route on the globe—but it does not exist today. And that is what is at stake for us in these kinds of changes. It is not just, “Do we do a good job?” It is ultimately the safety and security of the country, which depends on maintaining this as the finest military the world has ever seen.