

1 **SEC. ____ . EXPANSION AND EXTENSION OF AUTHORITY FOR PILOT PROGRAMS**
2 **ON CAREER FLEXIBILITY TO ENHANCE RETENTION OF**
3 **MEMBERS OF THE ARMED FORCES.**

4 (a) EXPANSION OF ELIGIBLE MEMBERS.—Section 533 of the Duncan Hunter National
5 Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417; 10 U.S.C. prec. 701 note)
6 is amended by striking subsections (b) and (c).

7 (b) EXTENSION OF PROGRAM.—

8 (1) DURATION OF PROGRAM AUTHORITY.—Subsection (m) of such section is **Legislative**
9 amended by striking “December 31, 2015” and inserting “December 31, 2018”. **Language**
(pp. 4-5,

10 (2) CONFORMING AMENDMENTS TO REPORTING REQUIREMENTS.—Subsection (k) of **9-11)***
11 such section is amended—

12 (A) in paragraph (1), by striking “and 2017” and inserting “, 2017, 2019,
13 and 2021”; and

14 (B) in paragraph (2), by striking “March 1, 2019” and inserting “March 1,
15 2022”.

**Add
When
Proposal
Amends
Existing
Law**

[Please note: The “Changes to Existing Law” section below sets out in red-line
format how the legislative text would amend existing law.]

Section-by-Section Analysis

Summarize Proposal (p. 5)*

This proposal would extend and enhance authority to conduct programs authorized under section 533 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110-417; 10 U.S.C. prec. 701 note), informed by lessons learned to-date from Navy and Air Force implementation of the Career Intermision Pilot Program (CIP). Extension and enhancement of this authority would afford the Secretaries of the military departments greater flexibility to test and evaluate alternative career retention options in specialties and skills in which monetary incentives, alone, have not produced required long-term retention results. CIP provides the Secretary concerned with authority to offer high-quality uniformed service members a temporary career intermission to accomplish personal and professional goals and responsibilities. In return, members participating under this authority agree to additional obligated service, beyond that already incurred, upon return to active duty.

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Section 533(b) prohibits participation by any member serving under an agreement upon entry or receiving a critical military skill retention bonus (CSRB) under section 355 of title 37, United States Code (U.S.C.). This prohibition limits the services' ability to offer flexible career path options to service members in order to increase retention. ~~This proposal does not affect retention bonus allocation authority under section 355 of title 37, U.S.C. The Navy's goal is to have the ability to pause the member's bonus and obligated service, allow the member to participate in CIP, and upon completion of CIP, to resume their career. The member's bonus payments would be paused while participating in CIP and upon return from intermission, the CIP obligation would be served consecutively following completion of any other remaining service obligation. The net result is that Navy will retain the member for a longer time period using a combination of monetary and career intermission retention tools than would have been possible using a single incentive, while simultaneously serving the best interests of both Sailor and the Navy.~~

**Explain
Problem
(p. 5)***

Section 533(c) limits the number of participants in the program to 20 officers and 20 enlisted members, thereby limiting the services' flexibility to determine composition and number of participants based on force shaping requirements and the personnel manning requirements of the services. Removing that statutory limitation, thereby providing the Secretaries of the military departments discretion to prescribe limits for participation, is necessary, in conjunction with the removal of participation limitations in section 533(b), in order to increase the number of personnel desiring to participate in CIP.

**Explain
How
Proposal
Addresses
Problem
(p. 5)***

By striking the participation limitations in section 533(b) and (c), the proposal would maximize the retention benefit targeted toward the larger eligible population.

**Explain
Problem
(p. 5)***

Traditionally, the military has focused recruiting efforts on 17-25 year-old males. However, the percentage of U.S. males qualified, and having a propensity, for military service, is declining. To offset this trend, Navy is actively recruiting and focusing on retaining a higher percentage of women. A 2013 Center for Naval Analysis (CNA) study of female and minority retention in the Navy states that, "...women tend to value non-monetary incentives more than monetary incentives." This is similar to findings in a 2004 survey of Navy officers and a 2006 Naval Postgraduate School study titled, "US Navy Surface Warfare Community: Is the Navy Losing in the War for Talent?" As Navy continues to expand opportunities for women, the lack of non-monetary retention incentives that appeal to the growing female population will hinder Navy's efforts to capitalize on the skills, training and experience they have gained. Male Sailors are also interested in CIP opportunities for a variety of reasons. Reasons for requesting CIP vary, from pursuing higher education to starting or raising a family, to caring for Exceptional Family Members (EFM) or elderly parents, and to volunteering in humanitarian efforts for underprivileged communities. CIP has helped Navy retain both officer and enlisted personnel in critical skills, including: officers in Navy Special Warfare, and aviation (particularly among pilots) and the enlisted ratings of Aviation Ordnanceman, Cryptologic Technician, and Legalman. Navy-wide surveys indicate 84 percent of women and 70 percent of men share the view that access to CIP positively influences retention. The utility of CIP in addressing a variety of issues in an individualized manner makes it attractive across a broad range of personnel.

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Since inception of the program in 2009, 100 enlisted members and officers have applied for CIP, 19 through an administrative board and 81 through the rolling application process. Of those, 92 were selected for participation. Of the 92 selectees, 31 have transitioned into the Individual Ready Reserve and are currently in their career intermission, 13 are on active duty awaiting their transition date, 17 reconsidered, and 31 participants completed intermission and returned to active duty. Navy lessons learned indicate that the low take-rate reflects real and perceived restrictions on participation.

**Explain
Problem
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As an example, section 533(b)(2) excludes CIP participation by officers receiving CSRBS in the Explosive Ordnance Disposal, Civil Engineering Corps and Surface Warfare Officer communities. Though career decision points differ for these communities, officers in all three communities are opting to leave the Navy at the end of their initial service obligation. Permitting CIP participation would increase options for these officers at a critical career decision point as a means of increasing retention to Department Head and addressing commanding officer/executive officer (CO/XO) requirements. CSRBS on its own has also proven inadequate in retaining nuclear-trained surface warfare officers and senior enlisted Sailors. Retention among nuclear trained surface warfare officers declined from 31 percent to 20 percent over the past five years, resulting in a failure for Navy to meet minimum requirements for aircraft carrier (CVN) principal assistants (PA) by the two most recent year groups. Under current monetary incentives, manning of senior nuclear-trained enlisted Sailors serving on submarines and CVNs, specifically supervisors with 10 or more years of service, is projected to drop below 85 percent of required levels in FY 2018.

CSRBS are designed to retain critical skills. Since every CIP applicant must be individually approved to participate, participation can be managed through the assignment process to avoid operational impact, such as offering the intermission during what might otherwise be a shore duty period. Further, CIP is a tool for quality not quantity; Navy is incentivized to approve only Sailors who will be competitive and upwardly mobile throughout the period of their obligation. Navy believes that offering a combination of CSRBS with CIP will appeal to a portion of the population currently not persuaded to retain/reenlist by the offer of money alone. Expanding the program offers an opportunity to evaluate the effectiveness of CIP as a retention tool in these communities/ratings.

All Sailors are excluded from participation in CIP during their initial service obligation, which can vary from a four-year enlistment to ~11 year minimum service obligation for a naval aviator. This obligation typically occurs between 18-33 years of age, when professional goals compete most strongly with personal goals such as family planning. Historically, retention at a Sailor's first career decision point is the most difficult to achieve. By electing to participate in CIP during first enlistment/obligation, if available, Sailors would, in effect, be electing retention during this critical timeframe, by incurring the additional associated obligated service.

Navy anticipates that extending the authority, coupled with amendment to the existing authority to permit participation of members receiving CSRBS or serving their initial obligation, will further enhance the ability of the armed services to retain high-quality personnel, by offering a career intermission to accomplish personal and professional goals and responsibilities or to address temporary personal hardships prior to returning to active duty and full operational status.

**Explain
How
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Addresses
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Innovative initiatives, such as CIP, respond to growing workforce trends of demographically diverse individuals with generationally different career expectations. These programs also give the Services the ability to refine seamless career transitions, accomplished via Active/Reserve cross-flow, and to evaluate their impact on key issues, such as retention, diversity, and critical competencies.

Describe All Budget Implications (pp. 5-8)*

Include sentence in every proposal with budget implications

Budget Implications: The table below detailed resource requirements associated with this proposal. The resources reflected in the table below are funded within the FY 2018 President's Budget.

Write Out Full Account Name (p. 7)*

Measure All Funds in Millions

RESOURCE REQUIREMENTS (\$MILLIONS)+									
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Appropriation From	Budget Activity	Dash-1 Line Item	Program Element
Air Force Permanent Change of Station	\$1.61	\$1.67	\$1.73	\$1.80	\$1.87	Military Personnel, Air Force	05	135	N/A
Air Force 2/30 Base Pay	\$0.35	\$0.70	\$1.01	\$0.95	\$0.58	Military Personnel, Air Force	01/02	05/60	N/A
Air Force Defense Health Program	\$1.17	\$2.33	\$3.35	\$3.19	\$1.95	Operation and Maintenance, Defense Health Program	01	10	N/A
Air Force Defense Commissary Agency	\$0.02	\$0.06	\$0.09	\$0.08	\$0.05	Operation and Maintenance, Air Force	04	4A9X	0702891N
Navy Permanent Change of Station (Active Duty)	\$0.64	\$1.75	\$3.56	\$5.16	\$5.44	Military Personnel, Navy	05	135	0808731N
Navy 2/30 Base Pay (Active Duty)	\$0.24	\$0.67	\$0.97	\$0.95	\$0.55	Military Personnel, Navy	01/02	05/60	N/A
Navy Permanent Change of Station (Full Time Support)	\$0.05	\$0.09	\$0.17	\$0.23	\$0.23	Reserve Personnel, Navy	01	90	0808731N
Navy 2/30 Base Pay (Full Time Support)	\$0.02	\$0.03	\$0.03	\$0.03	\$0.04	Reserve Personnel, Navy	01	90	N/A
Navy Defense Health Program	\$0.88	\$2.33	\$3.36	\$3.20	\$1.98	Operation and Maintenance, Defense Health Program	01	N/A	N/A

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Navy Defense Commissary Agency	\$0.02	\$0.06	\$0.09	\$0.08	\$0.05	Operation and Maintenance, Navy	04	4A9X	0702891N
Army does not intend to use this authority, which would have been funded in the following accounts: Military Personnel, Army; Army Defense Health Program; and Army Defense Commissary Agency.									
Marine Corps does not intend to use this authority, which would have been funded in the following account: Military Personnel, Marine Corps.									
Total	\$5.00	\$9.69	\$14.36	\$15.67	\$12.74	--	--	--	--

The table above details resource requirements associated with this proposal based on a proposed increase in participants resulting from removal of eligibility restrictions in section 533(b) and (c). For planning purposes, Navy and Air Force’s pilot programs are estimated to affect ~0.1 percent of the workforce when they reach steady state operations with 110 participants off-ramping each year. For Navy, 110 will consist of 55 Officers (50 Active Duty (AD) & 5 Full Time Support (FTS)) and 55 Enlisted (50 AD & 5 FTS) per year for up to three years. This breakdown is based upon ratio of Military Personnel (Navy) (MPN) end strength to Reserve Personnel (Navy) (FTS) end strength. Cost per person is based on Medical (Defense Health Agency) and 2/30 base pay MPN. There is no cost avoidance associated with this program because there is not a reduction in end strength.

Describe All Budget Implications (pp. 5-8)*

Identify “Must Have” Proposals (p. 5)*

Navy Priority: This proposal must be enacted this cycle. This proposal furthers Department of Navy Objectives: “Maximize Warfighter Readiness and Avoid Hollowness” and “Take Care of Our People.” Extending the authority to permit participation of Critical Skills Retention Bonus (CSRБ)-eligible members will further enhance the ability of the armed services to retain personnel for a career during critical retention years and affords the members an opportunity to accomplish personal and professional goals.

Identify Resubmissions (pp. 5-6, 8-9)*

Resubmission Information: This proposal is being submitted for the first time.

Component Subject Matter Expert: LCDR Monica Doe, (703) 555-7502, monica.doe@navy.mil.

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Proposal Contact Info (p. 6)*

Reviewing Comptroller POC: Ms. Eleanor Doe, OASN(FM&C), (703) 555-2559, eleanor.doe@navy.mil.

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Identify OMB Contact for Every Proposal

Changes to Existing Law: This proposal would make the following changes to section 533 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (10 U.S.C. prec. 701 note):

SEC. 533. PILOT PROGRAMS ON CAREER FLEXIBILITY TO ENHANCE RETENTION OF MEMBERS OF THE ARMED FORCES.

PRE-DECISIONAL INTERNAL EXECUTIVE BRANCH DRAFT

(a) PILOT PROGRAMS AUTHORIZED.—

(1) IN GENERAL.—Each Secretary of a military department may carry out pilot programs under which officers and enlisted members of the regular components and members on active Guard and Reserve duty and Full Time Support personnel of the reserve components of the Armed Forces under the jurisdiction of such Secretary may be inactivated from active duty in order to meet personal or professional needs and returned to active duty at the end of such period of inactivation from active duty.

(2) PURPOSE.—The purpose of the pilot programs under this section shall be to evaluate whether permitting inactivation from active duty and greater flexibility in career paths for members of the Armed Forces will provide an effective means to enhance retention of members of the Armed Forces and the capacity of the Department of Defense to respond to the personal and professional needs of individual members of the Armed Forces.

~~(b) LIMITATION ON ELIGIBLE MEMBERS.— A member of the Armed Forces is not eligible to participate in a pilot program under this section during any period of service required of the member—~~

- ~~(1) under an agreement upon entry of the member on active duty; or~~
- ~~(2) due to receipt by the member of a retention bonus as a member qualified in a critical military skill or assigned to a high priority unit under section 355 of title 37, United States Code.~~

~~(c) LIMITATION ON NUMBER OF PARTICIPANTS.— Not more than 20 officers and 20 enlisted members of each Armed Force may be selected during a calendar year to participate in the pilot program under this section.~~

(d) PERIOD OF INACTIVATION FROM ACTIVE DUTY; EFFECT OF INACTIVATION.—

(1) LIMITATION.—The period of inactivation from active duty under a pilot program under this section of a member participating in the pilot program shall be such period as the Secretary of the military department concerned shall specify in the agreement of the member under subsection (e), except that such period may not exceed three years.

(2) EXCLUSION FROM COMPUTATION OF RESERVE OFFICER'S TOTAL YEARS OF SERVICE.—Any service by a Reserve officer while participating in a pilot program under this section shall be excluded from computation of the officer's total years of service pursuant to section 14706(a) of title 10, United States Code.

(3) RETIREMENT AND RELATED PURPOSES.—Any period of participation of a member in a pilot program under this section shall not count toward—

- (A) eligibility for retirement or transfer to the Ready Reserve under either chapter 571 or 1223 of title 10, United States Code; or
- (B) computation of retired or retainer pay under chapter 71 or 1223 of title 10, United States Code.

(e) AGREEMENT.—Each member of the Armed Forces who participates in a pilot program under this section shall enter into a written agreement with the Secretary of the military department concerned under which agreement that member shall agree as follows:

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(1) To accept an appointment or enlist, as applicable, and serve in the Ready Reserve of the Armed Force concerned during the period of the member's inactivation from active duty under the pilot program.

(2) To undergo during the period of the inactivation of the member from active duty under the pilot program such inactive duty training as the Secretary concerned shall require in order to ensure that the member retains proficiency, at a level determined by the Secretary concerned to be sufficient, in the member's military skills, professional qualifications, and physical readiness during the inactivation of the member from active duty.

(3) Following completion of the period of the inactivation of the member from active duty under the pilot program, to serve two months as a member of the Armed Forces on active duty for each month of the period of the inactivation of the member from active duty under the pilot program.

(f) **CONDITIONS OF RELEASE.**—The Secretary of Defense shall issue regulations specifying the guidelines regarding the conditions of release that must be considered and addressed in the agreement required by subsection (e). At a minimum, the Secretary shall prescribe the procedures and standards to be used to instruct a member on the obligations to be assumed by the member under paragraph (2) of such subsection while the member is released from active duty.

(g) **ORDER TO ACTIVE DUTY.**—Under regulations prescribed by the Secretary of the military department concerned, a member of the Armed Forces participating in a pilot program under this section may, in the discretion of such Secretary, be required to terminate participation in the pilot program and be ordered to active duty.

(h) **PAY AND ALLOWANCES.**—

(1) **BASIC PAY.**—During each month of participation in a pilot program under this section, a member who participates in the pilot program shall be paid basic pay in an amount equal to two-thirtieths of the amount of monthly basic pay to which the member would otherwise be entitled under section 204 of title 37, United States Code, as a member of the uniformed services on active duty in the grade and years of service of the member when the member commences participation in the pilot program.

(2) **PROHIBITION ON RECEIPT OF SPECIAL AND INCENTIVE PAYS.**—

(A) **PROHIBITION ON RECEIPT DURING PARTICIPATION.**—A member who participates in a pilot program shall not, while participating in the pilot program, be paid any special or incentive pay or bonus to which the member is otherwise entitled under an agreement under chapter 5 of title 37, United States Code, that is in force when the member commences participation in the pilot program.

(B) **TREATMENT OF REQUIRED SERVICE.**—The inactivation from active duty of a member participating in a pilot program shall not be treated as a failure of the member to perform any period of service required of the member in connection with an agreement for a special or incentive pay or bonus under chapter 5 of title 37, United States Code, that is in force when the member commences participation in the pilot program.

(3) **REVIVAL OF SPECIAL PAYS UPON RETURN TO ACTIVE DUTY.**—

PRE-DECISIONAL INTERNAL EXECUTIVE BRANCH DRAFT

(A) REVIVAL REQUIRED.—Subject to subparagraph (B), upon the return of a member to active duty after completion by the member of participation in a pilot program—

(i) any agreement entered into by the member under chapter 5 of title 37, United States Code, for the payment of a special or incentive pay or bonus that was in force when the member commenced participation in the pilot program shall be revived, with the term of such agreement after revival being the period of the agreement remaining to run when the member commenced participation in the pilot program; and

(ii) any special or incentive pay or bonus shall be payable to the member in accordance with the terms of the agreement concerned for the term specified in clause (i).

(B) LIMITATIONS.—

(i) Limitation at time of return to active duty. Subparagraph (A) shall not apply to any special or incentive pay or bonus otherwise covered by that subparagraph with respect to a member if, at the time of the return of the member to active duty as described in that subparagraph—

(I) such pay or bonus is no longer authorized by law; or

(II) the member does not satisfy eligibility criteria for such pay or bonus as in effect at the time of the return of the member to active duty.

(ii) Cessation during later service. Subparagraph (A) shall cease to apply to any special or incentive pay or bonus otherwise covered by that subparagraph with respect to a member if, during the term of the revived agreement of the member under subparagraph (A)(i), such pay or bonus ceases being authorized by law.

(C) REPAYMENT.—A member who is ineligible for payment of a special or incentive pay or bonus otherwise covered by this paragraph by reason of subparagraph (B)(i)(II) shall be subject to the requirements for repayment of such pay or bonus in accordance with the terms of the applicable agreement of the member under chapter 5 of title 37, United States Code.

(D) CONSTRUCTION OF REQUIRED SERVICE.—Any service required of a member under an agreement covered by this paragraph after the member returns to active duty as described in subparagraph (A) shall be in addition to any service required of the member under an agreement under subsection (e).

(4) CERTAIN TRAVEL AND TRANSPORTATION ALLOWANCES.—

(A) IN GENERAL.—Subject to subparagraph (B), a member who participates in a pilot program is entitled, while participating in the pilot program, to the travel and transportation allowances authorized by section 404 of title 37, United States Code, for—

(i) travel performed from the member's residence, at the time of release from active duty to participate in the pilot program, to the location in the United States designated by the member as his residence during the period of participation in the pilot program; and

(ii) travel performed to the member's residence upon return to active duty at the end of the member's participation in the pilot program.

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(B) LIMITATION.—An allowance is payable under this paragraph only with respect to travel of a member to and from a single residence.

(5) LEAVE.—A member who participates in a pilot program is entitled to carry forward the leave balance existing as of the day on which the member begins participation and accumulated in accordance with section 701 of title 10, United States Code, but not to exceed 60 days.

(i) PROMOTION.—

(1) OFFICERS.—

(A) LIMITATION ON PROMOTION.—An officer participating in a pilot program under this section shall not, while participating in the pilot program, be eligible for consideration for promotion under chapter 36 or 1405 of title 10, United States Code.

(B) PROMOTION AND RANK UPON RETURN TO ACTIVE DUTY.—Upon the return of an officer to active duty after completion by the officer of participation in a pilot program—

(i) the Secretary of the military department concerned shall adjust the officer's date of rank in such manner as the Secretary of Defense shall prescribe in regulations for purposes of this section; and

(ii) the officer shall be eligible for consideration for promotion when officers of the same competitive category, grade, and seniority are eligible for consideration for promotion.

(2) ENLISTED MEMBERS.—An enlisted member participating in a pilot program shall not be eligible for consideration for promotion during the period that—

(A) begins on the date of the member's inactivation from active duty under the pilot program; and

(B) ends at such time after the return of the member to active duty under the pilot program that the member is treatable as eligible for promotion by reason of time in grade and such other requirements as the Secretary of the military department concerned shall prescribe in regulations for purposes of the pilot program.

(j) CONTINUED ENTITLEMENTS.—A member participating in a pilot program under this section shall, while participating in the pilot program, be treated as a member of the Armed Forces on active duty for a period of more than 30 days for purposes of—

(1) the entitlement of the member and the member's dependents to medical and dental care under the provisions of chapter 55 of title 10, United States Code, and

(2) retirement or separation for physical disability under the provisions of chapters 55 and 61 of title 10, United States Code.

(k) REPORTS.—

(1) INTERIM REPORTS.—Not later than June 1 of 2011, 2013, 2015, ~~and 2017, 2019, and 2021,~~ the Secretary of each military department shall submit to the congressional defense committees a report ~~on the implementation and current status of the pilot programs conducted by such Secretary under this section.~~

**Identify
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(2) FINAL REPORT.—Not later than ~~March 1, 2019~~ ~~March 1, 2022~~, the Secretary of Defense shall submit to the congressional defense committees a report on the pilot programs conducted under this section.

(3) ELEMENTS OF REPORT.—Each interim report and the final report under this subsection shall include the following:

(A) A description of each pilot program conducted under this section, including a description of the number of applicants for such pilot program and the criteria used to select individuals for participation in such pilot program.

(B) An assessment by the Secretary concerned of the pilot programs, including an evaluation of whether—

(i) the authorities of the pilot programs provided an effective means to enhance the retention of members of the Armed Forces possessing critical skills, talents, and leadership abilities;

(ii) the career progression in the Armed Forces of individuals who participate in the pilot program has been or will be adversely affected; and

(iii) the usefulness of the pilot program in responding to the personal and professional needs of individual members of the Armed Forces.

(C) Such recommendations for legislative or administrative action as the Secretary concerned considers appropriate for the modification or continuation of the pilot programs.

(l) DEFINITION.—In this section, the term “active Guard and Reserve duty” has the meaning given that term in section 101(d)(6) of title 10, United States Code.

(m) DURATION OF PROGRAM AUTHORITY.—No member of the Armed Forces may be released from active duty under a pilot program conducted under this section after ~~December 31, 2015~~ December 31, 2018.

Identify All Changes Proposed To Existing Law (p. 6)*

Identify All Changes Proposed To Existing Law (p. 6)*

***Page numbers refer to pages in OLC’s “Guidelines for Preparation of Legislative Proposals for the NDAA Legislative Program”.**

+Descriptions of Certain Columns in the Budget Table:

- “Appropriation From” -- Examples include: Operation and Maintenance, Navy; Research, Development, Test and Evaluation, Army; Other Procurement, Air Force; Operation and Maintenance, Defense-wide; etc.
- “Budget Activity” -- This is the budget activity from which the effort is funded. Examples include: 01, 02, 03, 04, 06, and 07.

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- “Dash-1 Line Item” -- This is the budget line item that is assigned when the Financial Management & Comptroller military department or Defense-wide Agency headquarters comptroller develops the FY 2018 budget for submission to OUSD(C).
- “Program Element” -- For example, 0603502N. The first and second digits are the DoD Major Force Program; the ending is the Service or a 1-3 digit code for the Agency.