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MILITARY MANPOWER TASK FORCE

**A REPORT TO THE PRESIDENT
ON THE STATUS AND PROSPECTS
OF THE
ALL VOLUNTEER FORCE**



OCTOBER 1982

MILITARY MANPOWER TASK FORCE

Dear Mr. President:

I am honored to submit the report of the Military Manpower Task Force, which you established on July 8, 1981. The Task Force has not only reviewed the current manpower situation in the active and reserve forces, but has also examined the prospects for meeting the higher military strengths planned through Fiscal Year 1987 without resorting to conscription.

In the late 1970s the recruiting and retention of qualified personnel for the Armed Forces had deteriorated to the point where many were questioning the effectiveness of the All-Volunteer Force. We are pleased to report that there has been a dramatic improvement during the past two years. In fact, the fiscal year just completed, FY 1982, has been the best year for recruiting and retention that the All-Volunteer Force has ever experienced.

- o All of the Services are achieving 100 percent of their recruiting objectives, and many additional qualified people have signed up for entry into the service when vacancies become available.
- o Test scores and educational levels of new enlistees now compare quite favorably with those of the civilian youth population.
- o Excessive losses from the career force have been stopped, and the career force is growing in size and experience.
- o The Selected Reserve has succeeded in recovering the strength lost earlier in the AVF period. The Task Force has identified solutions that can, over a period of time, provide enough Individual Ready Reservists to meet mobilization needs.

The Task Force is confident that the higher active and reserve strengths planned for the next five years can be achieved without a resumption of the draft. By Fiscal Year 1985 the Army may encounter some difficulty in recruiting the required number of well-qualified enlistees, but this problem can be overcome through enlistment incentives.

A note of caution is necessary. Three factors favorable to military manning were present in FY 1982: the more positive approach your Administration has taken toward national security and military service, the return of military compensation to competitive levels, and the scarcity of job opportunities in the civilian sector. As the economy recovers, military pay and benefits must be adjusted to sustain the attractiveness of military service relative to civilian life. If this is not done, we will find ourselves reliving the unfortunate experience of the late 1970s when military compensation was depressed in a time when the civilian employment rate was relatively high.

MILITARY MEMORANDUM TASK FORCE

The fine men and women who serve their country in the Military Services do not serve for money alone, but they cannot and should not be expected to accept financial sacrifices that are not shared by the civilian community. The Task Force believes that it is both necessary and fair for the Congress and the American people to support, in the coming years, military compensation that is reasonably comparable to that available in the civilian sector.

As Chairman of the Task Force, I am grateful to the senior officials of the Executive Office of the President, the Selective Service System and the Department of Defense who served on the Task Force. Their collective wisdom has been indispensable to the work that has led to this report.

Respectfully submitted,

Caspar W. Weinberger
Chairman

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INTRODUCTION

In his address at West Point on May 27, 1981 to the graduating class of the United States Military Academy, President Reagan announced:

"I have asked Secretary Weinberger to form a defense manpower task force to review the entire military manpower question and make proposals which will increase the effectiveness of the active and reserve All-Volunteer Force."

THE TASK FORCE MISSION

The President's strong interest in the state of the All-Volunteer Force is a manifestation of the Administration's determination to strengthen the armed forces so that they will be fully ready to preserve the security of the nation. Achieving this greater strength requires new, more capable weapons, and plans have been made to develop and procure these weapons. However, no military force, no matter how well armed, is more capable than the individual and collective strengths of its military members. The President formed the Military Manpower Task Force to examine this all-important component of military capability.

Specifically, the mission of the Task Force can be expressed as follows:

- o To review the manpower capabilities of the current force.
- o To analyze the ability of the nation to sustain a force with the required capabilities through 1987.
- o To identify deficiencies that detract from the required capabilities.
- o To develop and recommend solutions to identified deficiencies.

Context of the Task Force Mission

During the quarter-century from the end of World War II until 1972, the American armed forces were manned by a mixed force of volunteers and draftees. The career members of the force were volunteers who joined and remained because they wanted to serve. Some of the junior members were also true volunteers; the remainder were draftees inducted through the Selective Service System or people who volunteered as a preferred alternative to being drafted. Since the beginning of 1973, entry into military service, and continuation in service beyond current obligated periods, have been entirely voluntary.

This new force, founded on completely voluntary membership, became known as the All-Volunteer Force, or AVF. The AVF has never been free of controversy. Before it was tried, critics predicted that the AVF was bound to fail. Critics have proclaimed ever since that it has, in fact, failed. Most of these criticisms have been based on the charge that members of the force, particularly new enlistees, lacked the intelligence and other qualifications required in a modern military force. Other criticisms have been based on perceived inequities inherent in a situation where only the few serve and the many do not, or on claimed inequities due to racial or other imbalances as compared to the general population. Critics have also faulted the AVF because of manpower shortages in the reserves of the Services, both in the organized units that make up the Selected Reserve and the trained manpower pool of the Individual Ready Reserve. Most of the critics have asserted that the solution to the perceived problems lies in a return to some form of the draft.

The volume of criticism of the AVF and the intensive exposure of these criticisms in the media have created a serious concern in the general public about the effectiveness of the AVF. It has therefore been a central objective of the Task Force to examine the validity of these criticisms dispassionately so that, in addition to providing the best available advice to the President, the Task Force can provide the facts to the American people.

Task Force Operations

The Task Force, chaired by Caspar W. Weinberger, the Secretary of Defense, included as members other senior officials of the Department of Defense, the Director of the Office of Management and Budget, and several senior members of the White House staff. The Task Force, in a series of meetings, examined key issues that covered the spectrum of Defense manpower.

An Interagency Working Group, chaired by Dr. Lawrence J. Korb, the Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics, supported the Task Force by reviewing the issues prior to each meeting. Each organization represented on the Task Force had a senior member on the Working Group.

The Task Force was supported by a staff of experienced manpower specialists drawn primarily from the Department of Defense, the Office of Management and Budget and the Selective Service System. This staff functioned under Dr. Korb's supervision.

The Task Force is grateful for the dedicated and professional work of the staff and many others, inside and outside of government, who have contributed their talents to the achievement of the Task Force mission.

Report Content

The Task Force reviewed a wide range of issues that bear on the ability of the nation to sustain the planned active and reserve forces in a cost-effective manner and to mobilize these forces in an emergency. The conclusions of the Task Force on these issues are reflected in the body of this report.

The baseline of the deliberations of the Task Force was the present quality of the All-Volunteer Force. Conclusions on this issue provided a firm basis for analysis of the nation's ability to sustain the AVF over the

next several years. This analysis involved consideration of manpower requirements and supply, the probable influence of pay and benefits on enlistment and retention behavior, and adjustments in incentives that have potential for preventing or recovering from manpower deficiencies. The Task Force also considered the condition of the various manpower components that go into the total force when it is mobilized in time of war or national emergency. The important roles of the civilian employees of the Department of Defense and contractors who perform Defense support tasks were also considered.

The Task Force did not question the programmed military strengths of the active and reserve components or the mix between active and reserve forces. These complex evaluations are made annually by the Administration and Congress. The Task Force concentrated on the enlisted force, since the overall quality of the members of the officer corps has not been an issue. The Task Force decided not to review the military retirement system because it has been analyzed in multiple previous studies. The Task Force felt that a further review of the retirement system at this time would distract its attention from more pressing manpower topics.

The Task Force concluded early in its deliberations that, for a number of reasons, voluntary recruitment was preferable to the draft in peacetime as long as it could provide the required support to national security. Analysis showed that voluntary recruitment, properly supported, could be successful over the next several years. The Task Force, therefore, considered options for various forms of a draft only in the context of a preliminary review of possible actions to cope with a situation that it does not consider likely to occur.

Data used in this report for enlisted accessions -- that is, new enlisted entrants to the force -- include data for the first three quarters of Fiscal Year 1982, the period from October 1, 1981 through June 30, 1982. Projected manpower strengths for future years -- Fiscal Years 1983 through 1987 -- are based on:

- o Fiscal Year 1983: the Defense Appropriation Authorization Act for Fiscal Year 1983, enacted in August 1982.
- o Fiscal Years 1984-1987: Program Objective Memorandums (POMs) submitted in May 1982 by the Secretaries of the three Military Departments for Fiscal Years 1984-1988, as amended by the Secretary of Defense in his subsequent Program Decision Memorandums.

These documents are the most recent, complete sources of data that have been approved by the Secretary of Defense or, in the case of authorizations for FY 1983, Congress and the President. The manpower figures for future years are subject to change as the result of decisions by the Administration or Congress.

Data shown in the chapters of this report, unless otherwise noted, were provided by the Office of the Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics, the staffs of the Military Services, or the Defense Manpower Data Center.

THE UNIQUENESS OF MILITARY SERVICE

Membership in a military organization is unique in many ways. One source of this uniqueness is the overriding importance of the mission of the armed forces: the protection of the nation's vital interests, the deterrence of war, and the attainment of the nation's objectives by use of force if war should come. Fulfilling this mission requires the best efforts of capable, dedicated people; any lesser effort poses a danger, potentially an extreme danger, to the nation.

Membership in the military service requires yielding, in large measure, the freedom of choice enjoyed by other Americans. A military force can be effective only if all of its members subordinate their personal desires to the greater purposes of the military organization.

A civilian can quit if he or she does not like a job, the supervisor or the terms of employment; a military member is bound by an oath and a contract for specified service, and cannot bargain for better terms. A civilian can choose where to take employment and where to live; a military member goes where official orders say to go. The most stressful aspects of military life -- overtime work without pay, long tours at sea or in remote areas, field duty in foul weather, frequent moves, family separations and disruptions, and the ultimate stress and danger of combat -- are all imposed without choice on the part of the member.

There are civilian jobs that involve risk to life and limb, sacrifice, and work under unpleasant circumstances. None of these jobs, however, entails the surrender of choice to the degree that military service does. Danger and discomfort are not shared evenly in the military community, but all members are substantially equal in the loss of the freedom of choice.

The unique conditions and demands of military service require servicemembers with special characteristics. Military members, beyond having the physical and mental abilities required for their jobs, must have a special measure of dedication and loyalty to their comrades in arms and their military organizations. These qualities must be underlaid with a love of their country and its ideals.

There are compensating factors that make the sacrifices demanded of military members more acceptable: the opportunity for service to the nation, the intense satisfaction of being relied on as a member of a group with a highly important mission, the camaraderie, the opportunities for assuming responsibilities and new challenges. Without those intangible rewards a military organization would not be effective. Clearly, however, there also must be tangible benefits to provide fair compensation to our military members in order to attract and retain the talented, dedicated people that make our forces effective.

In pursuing its appointed task, the Task Force has been very conscious of the vital role of the Military Services in the world today and of the unique demands and rewards of military service. In this light, the job of the Task Force might be stated as follows: "Given the nature of military service, what must be done to maintain a manpower force that can meet the challenges of the coming years?" We trust that this report will be useful to the President, the Congress and the people of the nation in responding to this question.

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CHAPTER I

EXECUTIVE SUMMARY

The President formed the Military Manpower Task Force to review military manpower issues and, as appropriate, develop proposals to increase the effectiveness of the manpower that makes up the All-Volunteer Force (AVF).

THE PEOPLE OF THE ALL-VOLUNTEER FORCE

Ever since the inception of the AVF, critics have charged that the people of the AVF, particularly enlisted entrants, have not had the competence needed for their jobs. According to this view, AVF entrants have lacked the required intelligence, education and self-discipline; further, they have not represented a fair cross-section of American youth. In almost all cases, the critics have taken the position that a return to the military draft would cure these perceived deficiencies. The Task Force thoroughly reviewed these allegations. It has concluded that, while some of the allegations may have had some merit at some points in the past, they have little or no merit today. Beyond responding to the critics, the Task Force also has sought to identify the strengths of the AVF so that these strengths can be reinforced.

Qualifications of Current Accessions

The quality of enlisted personnel -- that is, their ability to learn and do military jobs well -- is commonly measured by the percentage that have graduated from high school and by their scores on the Armed Forces Qualification Test, or AFQT. The Task Force compared enlisted accessions with the general population using these two criteria. The results are shown in Table I-1.

Table I-1
Quality of Military Accessions Compared to Youth Population

Quality Indicator	DoD Accessions		Youth Population
	FY 1981	FY 1982 (9 Months)	
Percent High School Graduates	81	82	74
Percent Scoring Above Average on AFQT	55	61	53

The data show current DoD accessions ranking somewhat above the youth population at large. One important reason for these results is that 22 percent of the youth population is automatically excluded from enlistment because of inability to meet Service AFQT and educational standards. The enlisted force as a whole, including the career force, ranks even better than new accessions because the lower-scoring and less-educated people serving their first enlistments are more likely than others to be screened out of the force before, or at, the first reenlistment point. In addition, many military personnel improve their educational credentials while in service. As a result, 91 percent of the total DoD enlisted force is composed of high school graduates, including people with some college, as compared to 77 percent of the civilian workforce. Nearly all members of the officer corps are college graduates. Overall, it is clear that the nation is represented by a well-educated military force by any reasonable standard of comparison.

To be fully effective, military personnel require more than just the ability to learn and do their jobs. They must also have, in abundance, the willingness to make the personal sacrifices that are essential for military success in war and peace. The members of the AVF have demonstrated their willingness to make these sacrifices by volunteering for military service. The Task Force notes with pride the patriotism and dedication of the men and women who have chosen to serve the nation in this manner.

Socio-Economic Status of First-Term Enlistees

There is a widespread belief that enlistees who enter the AVF are disproportionately from disadvantaged groups in the population. Data on the education and occupations of parents of enlistees, however, are very similar to data for parents of full-time employed civilians of the same age group.

Black Content of the Force

Some observers express concern about the high proportion of blacks in the enlisted force, which is 22 percent black (33 percent in the Army).^{1/} The population as a whole, in contrast, is 12 percent black. This high black content of the force has come about because blacks have a strong propensity to enlist and reenlist, a result of the opportunities they have found in the Military Services. The Task Force does not look on this as a problem. In a volunteer force, both blacks and non-blacks who can qualify have equal freedom to enlist. The fact that many blacks volunteer is a tribute to their patriotism. Black servicemembers have served the nation ably and honorably. It would be both unnecessary and unfair to move to a quota-based recruitment system to achieve some arbitrary notion of a proper racial balance.

Task Force Conclusion

The Task Force believes that the overall quality and dedication of military personnel now in the AVF are fully adequate to the tasks they must perform.

PROSPECTS FOR MANNING THE ACTIVE FORCE

The next question is whether the All-Volunteer Force can be sustained over the next several years when overall military strength rises as part of "rearming America" and the pool of young people eligible for military

^{1/} When officers are included, the percentage of blacks in the Active Force is 19 percent (30 percent in the Army). See Table II-8, Chapter II, for data by Military Service.

service declines. The manpower situation in the AVF has not always been as favorable as it is in 1982. A review of past manning problems helps to identify the causes of the problems and the policies required to avoid their recurrence.

Manning Problems and Recovery, 1976-1981

The AVF has been successful throughout its history in achieving, or coming very close to, the total strengths authorized by Congress. In the period 1976 to 1980, however, both high school graduate rates and AFQT scores of recruits, especially in the Army, fell well below both previous rates and rates now being achieved. At the same time, retention rates of experienced, mid-career enlisted leaders and technicians, who are the heart of an effective military force, declined in all of the Services.

These setbacks were caused by the coincidence of two sets of factors. First, compensation for military personnel was allowed to become less competitive. Caps on military pay were imposed in several years, funds for enlistment and reenlistment bonuses were reduced, the GI Bill was terminated for new entrants to the force, and recruiting manpower and funds were cut. Second, unemployment rates in the civilian sector declined, creating attractive alternative job opportunities for both potential recruits and experienced members of the force.

In FY 1981 and 1982 almost all of these conditions were reversed. Catch-up pay raises were granted and payment of adequate bonuses was resumed. At the same time, civilian unemployment rates rose. The new Administration, by its support for national security objectives, improved the image of military service. The new conditions greatly enhanced both the recruiting and retention of well-qualified people.

The lesson to be drawn from this experience is that the military compensation package must be kept at competitive levels to attract and keep the kind of people the AVF must have. In particular, competitiveness must be retained when civilian unemployment rates go down and the competition for capable people intensifies.

The Views of Field Commanders

AFQT scores and educational statistics are sound, objective criteria for measuring manpower quality. However, since job performance is the ultimate proof of the abilities of military people, the views of commanders of military organizations are necessary for complete and decisive judgments on the capabilities of military personnel.

Many commanders were disturbed about the abilities of the first-term enlistees they were getting from the training base in the late 1970s. There was equal or greater concern in this period over the excessive loss of experienced enlisted leaders and technicians. At present, these concerns have been largely overcome by the marked improvement in the qualifications of accessions and the retention of career members. A recent observation by the Commander in Chief of US Army Europe is typical of this more optimistic view: "Our greatest strength is the overall caliber of the American soldier. I've been in the Army for 40 years, and this is the best peacetime force I've ever seen."^{1/} Commanders in all of the Services seem to be agreed that, if the progress made over the past two years is sustained, the level of quality of military personnel will continue at a very satisfactory level.

The Outlook for Enlisted Accessions, FY 1982-87

Planned total military strength for DoD is expected to rise by 10 percent between FY 1981 and 1987. Over the same period, the supply of males of accession age decreases by about 15 percent. However, this divergence between manpower demand and supply is mitigated by favorable projections of retention, which should help to hold down the number of accessions required. Overall, the demand for accessions is projected to be somewhat lower than it has been in the recent past, as is shown in Table I-2.

^{1/} General Frederick J. Kroesen, quoted in "GIs in Europe: 'Good Now, Going to Get Better'," US News & World Report, August 9, 1982.

Table I-2
Average Annual Accessions:
FY 1977 - 81 Compared to FY 1982 - 87
 (Accessions in Thousands)

Service	FY 1977 - 81 (Actual)	FY 1982 - 87 (Planned)	Percent Change
Army -	140	130	-7%
Navy	88	85	-3%
Marine Corps	42	41	-2%
Air Force	71	74	+4%
DoD	341	330	-3%

Except for a moderate increase of 4 percent in the Air Force, annual accession requirements, on the average, are expected to be lower in FY 1982 to 1987 than they have been over the previous five years. However, some of the recruits accepted since 1977 would not qualify under standards now in force, and the drop in the pool of potential recruits will still be greater than the projected reduction in requirements for new accessions. Taking account of all these factors in combination, the outlook is for an increasingly difficult recruiting task.

The Task Force conducted extensive analyses of DoD's ability to meet its higher strength goals with the proper quality and experience mix. The projections used assumed that military pay will remain competitive and that current incentives will remain in effect. It was also assumed that the standards for accession quality directed by Congress for FY 1983 will continue in effect through FY 1987. Those standards require that at least 65 percent of male accessions be high school graduates and that no more than 20 percent of accessions rank in AFQT Category IV, the lowest-scoring group accepted for military service. The Task Force projections indicate that:

- o It is likely that all four Services will be able to meet their planned strength goals through FY 1987.

- o The Navy, Marine Corps and Air Force should be able to recruit enough accessions of the required quality.
- o Beginning in FY 1985, the Army will probably experience difficulty in recruiting enough accessions who meet the congressional quality standards. The cumulative Army shortfall in enlisted personnel could be about 16,000 by FY 1987.

The Task Force believes that this relatively modest shortfall can be overcome by appropriate combinations of enlistment bonuses, skill shortage pay for first-termers, and enhanced educational benefits for the Army. The Department of Defense should decide on the exact composition of the incentive package needed to close the manning gap.

These projections make it clear that adequate numbers of qualified enlisted accessions can be obtained for the foreseeable future through voluntary means, although some augmentation of incentives for enlistment may be necessary to meet manning targets in full. This being the case, there is no requirement for a draft as a means of bringing in sufficient numbers of qualified junior enlisted personnel. The Task Force also notes that volunteer service, among other virtues, is advantageous because it makes it possible to avoid the political, legal and manpower management problems that have historically accompanied a peacetime draft.

The Outlook for the Career Force, FY 1982-87

Retention of the critical mid-career people in the career force is expected to be adequate to meet both experience and overall strength requirements over the next five years. The Army, Marine Corps and Air Force are, or soon should be, at full strength in noncommissioned officers. Each of these Services suffers from skill imbalances -- too many NCOs in some skills, too few in others. The tools are available to rectify these imbalances. The Navy has a 10 percent shortage of petty officers. However, this shortage will be filled by FY 1990 and should not prevent the Navy from operating the larger planned fleet and carrying out its assigned missions.

Task Force Conclusion

The Task Force concludes that a balanced, capable volunteer Active Force of first-termers and career personnel can be achieved through FY 1987 if the necessary funding support is provided. The Task Force believes that there would be a significant risk of renewed recruiting and retention problems if military compensation falls below competitive levels in FY 1984 and subsequent years.

AN ADJUSTMENT MECHANISM FOR MILITARY PAY

The main focus of the review of military compensation was on the mechanism for making annual adjustments to military pay. The current system ties military pay adjustments to adjustments for General Schedule employees of the federal civil service, which in turn are based on changes in white-collar pay in the civilian sector. The Task Force concluded that this system is unsatisfactory. The Task Force further agreed that the Employment Cost Index (ECI), which measures wage changes across a broad span of occupations that are generally similar to military jobs, would be a more appropriate basepoint for military pay adjustments. The Task Force also concluded that the President must have some flexibility to vary the pay adjustment when conditions demand.

Task Force Recommendations

- o DoD should propose legislation that will:
 - oo Increase pay uniformly for military personnel by the annual change in the ECI.
 - oo Authorize the President to propose an alternative adjustment when appropriate because of military readiness considerations, national emergency, or economic conditions affecting the general welfare.
 - oo Provide for the alternative to become effective unless both Houses of Congress disapprove, with a disapproval being subject to normal veto procedures.

- o The President should continue to have the authority to reallocate pay raises at least by grade and years of service, or among basic pay and allowances for quarters and subsistence.
- o The 5th Quadrennial Review of Military Compensation should review the military compensation system in terms of its capability to attract and retain the technical specialists needed for the armed forces of the future.

EDUCATIONAL BENEFITS FOR THE FUTURE

Post-service educational benefits are perceived by many observers as the best way to attract talented first-term accessions. The Task Force analyzed a number of these programs in terms of effectiveness and cost and compared them with other possible incentives.

Current Educational Benefits Programs

Three major forms of educational benefits exist today:

- o The Vietnam-era GI Bill, which now applies only to members who signed enlistment contracts in 1976 or earlier. These benefits expire in 1989.
- o The Veterans' Educational Assistance Program (VEAP), which replaced the GI Bill. Participation in VEAP is voluntary. The government matches participants' contributions to their personal education accounts on a 2-for-1 basis.
- o VEAP with Kickers. "Kickers" are government-funded supplements, either \$8,000 or \$12,000, to members' regular VEAP funds. Kickers are used to attract quality recruits and channel them into hard-to-fill skills. They are currently used only by the Army; the other Services do not feel the need to use kickers at this time.

Basic VEAP provides only a modest educational fund -- a maximum of \$8,100, of which \$2,700 is the participant's own contribution. In contrast, VEAP with the \$12,000 kicker compares quite favorably with maximum benefits under the GI Bill.

It was noted that the federal government currently spends large sums for student aid for higher education. The Task Force believes that innovative approaches that allow student aid programs to be used to help solve military manpower problems should be explored.

A Replacement Educational Benefits Program

The Task Force considered alternative educational benefits programs that might replace the current program. These alternatives consisted of various combinations of: basic benefits for all who complete a first enlistment; additional second-tier benefits for all who complete a second enlistment; and transferability benefits that would allow members with ten years of service, while they remain on active duty or after they retire, to transfer their benefits to their dependents. Unlike the practice under VEAP, all of these benefits would be funded entirely by the government.

The Task Force was unable to reach a consensus on this issue. One part of the membership favored the three-tier program described above on the grounds that the benefits should be an entitlement for honorable military service rather than just an aid to manning the force. The remainder of the membership favored continuing with the VEAP-based program because analysis showed that it could achieve force manning goals at less cost.

Task Force Recommendations

The Task Force endorses a DoD decision to continue the current educational benefits program at least through FY 1983. If conditions in the future warrant a change, DoD can reexamine the alternatives. The Task Force also recommends:

- o That the 1989 delimiting date for the Vietnam-era GI Bill be extended both as a matter of equity and to avoid potential losses of career personnel.

- o That DoD, with other responsible government agencies, explore ways of using federal student aid programs to provide incentives for military service.

MANPOWER FOR MOBILIZATION

To bring the full national power to bear in a major war, the Active Force must be rapidly reinforced by units of the Selected Reserve. In addition, individuals who are already trained must be available for two purposes: to fill active and reserve units to wartime strength, and to provide replacements for casualties from the beginning of a war until the training base can begin to turn out enough newly trained people. Finally, draftees, along with volunteers, must be brought into service rapidly so that they can be trained and used to sustain the force in the longer run.

As has been shown, the All-Volunteer Force has been able since 1972 to keep the Active Force at, or very close to, authorized strength. The AVF was much less successful, particularly in the mid-1970s, in maintaining the strength of Selected Reserve units and the pool of trained members of the Individual Ready Reserve.

Selected Reserve

The Selected Reserve -- the organized units of the Army and Air National Guard and the Reserve of each Service -- provides a large part of the potential combat power and support of US forces for wartime. The main manpower problem of the Selected Reserve in the mid-1970s was the loss of strength in the Army National Guard and Army Reserve. However, the strength of these components has now recovered to approximately pre-AVF levels through the application of dedicated recruiting resources and incentives for enlistment and reenlistment.

The current manpower challenge is to fulfill present plans to raise Selected Reserve strength by 21 percent, with most of the increase in the two Army components, by the end of 1987. This increase will raise the strength of units to a level closer to wartime strength. The Task Force is reasonably confident that this expansion can be accomplished. The Task Force recommends

a concentrated effort to correct the substantial shortages in Selected Reserve equipment, which have replaced manpower as the greatest deficiency of the Selected Reserve.

Individual Ready Reserve (IRR)

There is currently a serious shortage of manpower in the Army IRR. The shortfall will be reduced to some extent by 1988, but there will still be a shortage of about 240,000 enlisted soldiers with combat-related skills who would be required to replace wartime casualties in the event of a major war that begins with little warning.

All people who enter the Active Force or Selected Reserve incur a minimum Service Obligation (MSO) of six years. The remainder of the MSO after discharge is spent in the IRR. This system kept the IRR filled during the draft era because of greater Active Force turnover brought about by the short active service of draftees, but under AVF conditions it produces both fewer IRR members and shorter periods of membership in the IRR. To correct the strength shortfall, the Task Force recommends:

- o Legislation to permit the Secretary of Defense to extend the MSO from six years to up to eight years.
- o Legislation for a bonus to induce IRR members to extend their periods of membership.
- o Permission for each Service, at its option, to impose an IRR obligation as a condition of reenlistment.
- o Actions to improve the management of the IRR.

Selective Service Registration

The Task Force provided a report to the President in December 1981 that was helpful in formulation of his decision, announced in January 1982, to continue Selective Service registration. With this issue settled, the Task Force

turned its attention to compliance with registration. As of September 1982, about 94 percent of the men in the first five year groups scheduled for registration had complied. However, a higher compliance rate is desirable. The Task Force recommends the following actions:

- o The Selective Service System should enhance its publicity program.
- o The Selective Service System should use all available federal data sources to identify names and addresses of non-registrants.
- o Legislation should be proposed to exempt members of the Selected Reserve and Individual Ready Reserve, who are already performing military service, from the requirement to register.
- o Legislation should be considered that would restrict eligibility for federal benefits for individuals who fail to register as required by the Military Selective Service Act.

EFFICIENT MANAGEMENT OF CIVILIAN MANPOWER

Civilian employees comprise about one third of full-time Defense manpower. The great majority of these employees work in vital Defense support activities in the field, such as maintenance and supply depots, shipyards and base operations.

Civilian Ceilings

Both Congress and the Office of Management and Budget set ceilings on DoD civilian employment. The intended purpose of the ceilings is to control the number of government employees and force more efficient use of those on hand. However, ceilings can lead to work slippages, inefficient hiring practices, and a reluctance to convert appropriate military positions to civilian incumbency. The OMB ceiling is particularly restrictive because it does not allow the Secretary of Defense to use the authority that Congress grants to exceed the ceiling by up to 2 percent. However, the OMB ceiling is useful as a tool

to help the Administration control overall Federal employment. The Task Force concluded that the OMB ceiling should be retained pending further study.

Contracting Out and Productivity Enhancement

Many support functions can be performed through contracts with firms in the civilian sector. DoD reviews appropriate functions in a regular cycle to determine whether contract or in-house performance would be more cost effective. This competition is healthy and should be continued in a fair, objective way in order to increase the efficiency of support operations.

DoD's record of productivity is relatively good. Further improvements are being sought through procuring modern equipment and tools to improve productivity and control costs.

Task Force Recommendations

- o The President's Private Sector Survey on Cost Control in the Federal Government should be requested to review the issue of ceiling controls on civilian employment in DoD and make appropriate recommendations to the President.
- o The Secretary of Defense should continue to support the contracting-out and productivity-improvement programs.

SUMMARY

The Task Force believes that the All-Volunteer Force has worked well. The Task Force is very favorably impressed by the quality of enlisted accessions, the improvement in reenlistment performance, and the patriotism and dedication of those who serve the nation voluntarily. The Task Force believes that the All-Volunteer Force will continue to work well if it is properly supported. The required support includes military pay and benefits that are competitive with those in the civilian sector. The active support of the President, Congress and the American public is also essential. Suitably reinforced by the reserves and newly trained accessions, the force should be fully able to carry out its responsibilities in war, as in peacetime, with credit.

CHAPTER II

CHARACTERISTICS OF ARMED FORCES PERSONNEL

A military force is only as good as its members. A force with dedicated, competent members has the potential for success in combat. A force whose members lack dedication and competence is unlikely to succeed under the strains of war. Critics have charged that the members of the American All-Volunteer Force lack the qualities required to produce a capable force. Specifically, the critics claim that personnel of the AVF lack the necessary education, aptitude and discipline; further, that they are not appropriately representative of the national population in social background or race. It has been a central concern of the Task Force to discover the facts about the personnel of the AVF -- to determine what is good so that it can be nurtured and built on, and to determine what is unsatisfactory so that it can be corrected.

This chapter presents the results of the Task Force's analyses of the characteristics of personnel in the Active Force. Data are presented that compare military personnel with the national population or with appropriate peer groups in the population. Other data displays show relevant trends in various attributes of military personnel. Most of the attention of both critics and supporters of the AVF has been focused on the attributes of new enlistees, and these are duly covered in this chapter. In addition, the attributes of both the career force, which comprises over half of Active Force strength, and all military personnel in the aggregate are discussed.

The relative ability of military personnel to learn military skills and perform creditably in military units is usually referred to as the "quality" of the personnel. The normal measures of quality for enlisted accessions are the percentage that have graduated from high school, a sound indicator of the likelihood of successfully completing an enlistment, and scores on the Armed Forces Qualification Test (AFQT), a good predictor of success in military training.

These two measures of quality are very useful to manpower managers because of their proven reliability and because they can be readily quantified. However, they do not necessarily capture all aspects of quality. They are imperfect indicators of such attributes as dedication and motivation, and they cannot predict the growth in personal ability and dependability as a "team player" that can be developed through good training and leadership. AFQT scores and high school graduate rates are good general indicators of the characteristics of the young people received by the Services. It is then up to the Services to take these new recruits, improve their abilities and motivation to the extent possible, discharge those who prove to be unsuitable for military service, and make sure that the best use is made of those who can contribute to national defense.

EDUCATION

Table II-1 compares the 2.1 million military people on active duty with the population in the civilian labor force in terms of educational attainments.

Table II-1
Educational Attainments:
Active Duty Military Compared to Civilian Labor Force
(Percent)

Educational Level	Civilian Labor Force	Military Personnel*		
		Total	Officer	Enlisted
College Graduate	18	14	92	2
Some College	18	11	5	11
High School Graduate**	41	67	3	78
Non-HS Graduate	23	8	0	9
Total	100	100	100	100

Source of civilian data: Bureau of Labor Statistics, Special Labor Force Reports, as of March 1981.

*Data as of June 30, 1982.

**Includes non-diploma graduates with high school equivalency certificates.

The educational level of the active duty force compares favorably with that of the civilian labor force. There are proportionately fewer who lack a high school education in the military population (8 percent) than in the civilian labor force (23 percent). The civilian labor force has a higher proportion of people with "some college", but military personnel receive technical training while in service that is not reflected in the data in the table. Much of this technical training is comparable to courses offered by civilian junior colleges and technical schools, and is generally accepted for college credit by these schools.

As would be expected, the enlisted component has a much smaller proportion of college graduates than the officer corps. This disparity also exists in civilian life. Executives and managers tend to be college graduates, while blue-collar workers and foremen usually are not. Similarly, most officer jobs require a college education, but very few, if any, enlisted jobs do.

Possession of a high school diploma is an important indicator of the probability that a new volunteer will adjust successfully to military life. A high school dropout is twice as likely to leave the military before completing the first three years of service, although the majority of servicemembers who are not high school graduates contribute effectively to their military units. However, recruiters strive to enlist a high proportion of high school graduates in order to reduce first-term attrition. Failure to complete first-term enlistments increases the turnover of personnel in operational units and drives up training costs.

Table II-2 shows the proportions of those entering the enlisted force in FY 1981 who were high school graduates compared with the youth population.

Table II-2
High School Graduates:*
Youth Population and Enlisted Accessions, FY 1981
(Percent)

Service	Total	Male	Female
Army	80	78	94
Navy	76	74	93
Marine Corps	80	79	100
Air Force	88	88	88
DoD	81	79	92
18 - 23 Year Old Youth Population	74	71	76

Source: Data on youth population from "Profile of American Youth," Office Asst. Sec'y of Defense (Manpower, Reserve Affairs and Logistics), March 1982.

*Includes college graduates and people with some college education. Excludes non-diploma high school graduates with high school equivalency certificates.

In FY 1981, 81 percent of those who entered the enlisted ranks were high school graduates, compared to a 74 percent rate in the youth population. It is apparent that the Military Services attracted a fair share of high school graduate youth in FY 1981.

FY 1981 was a favorable recruiting year. The Military Services recruited a higher proportion of high school graduates than in previous AVF years, and this favorable trend has continued in FY 1982. Table II-3 shows the trends in high school graduate accessions for selected years before and after the introduction of the AVF.

Table II-3
High School Graduates* as a Percent of Enlisted Accessions

Service	Draft Years			AVF Years				
	FY 64	FY 68	FY 72	FY 74	FY 76	FY 80	FY 81	FY 82 (9 Months)
Army	70	71	61	50	59	54	80	82
Navy	57	82	71	64	77	75	76	74
Marine Corps	61	58	52	50	62	78	80	79
Air Force	84	93	83	92	89	83	88	93
DoD	69	74	67	61	69	68	81	82

**“High School Graduates” includes those with post-secondary education.
 Excludes non-diploma graduates with high school equivalency certificates.

After the end of the draft, the Army was the only Service that experienced a sharp decline in the proportion of new recruits who were high school graduates; however, the Army percentage improved from 54 percent in FY 1980 to 80 percent in FY 1981. For FY 1981 and FY 1982 Congress mandated that at least 65 percent of the Army male first-term enlistees had to be high school graduates. The Army more than met this target in FY 1981 and forecasts that 80 percent or more of its male recruits in FY 1982 will be high school graduates.

The educational level of military personnel should not be judged solely on the basis of new entrants. Attrition during the first term of service and Service reenlistment standards tend to reduce the content of members who have not graduated from high school. In addition, many members who lack a high school degree when they enlist acquire their diplomas while in service, and many other enlisted personnel take college-level courses during off-duty time. As a result of the weeding-out process and educational upgrading, 91 percent of the total enlisted force are high school graduates or better, as was shown in Table II-1. By contrast, only 60 to 80 percent of new accessions over the past two decades have been high school graduates.

THE ARMED FORCES QUALIFICATION TEST

Scores on the Armed Forces Qualification Test (AFQT), and other aptitude scores derived from the Armed Services Vocational Aptitude Battery, are used in conjunction with educational, medical and moral standards to determine eligibility to enlist and assignment to occupations. AFQT scores provide a useful measure of trainability. Enlisted personnel with higher test scores tend to be assigned to the more complex jobs, but each occupational group receives people who are capable of progressing to supervisory and leadership positions.

For convenience, AFQT scores are traditionally grouped into broad categories, ranging from Category I (highest scores) to Category V (lowest scores). These AFQT categories are defined in Table II-4.

Table II - 4:
AFQT Categories

Percentile Rank	AFQT Category
Above Average	
93 - 99	I
65 - 92	II
50 - 64	IIIA
Below Average	
31 - 49	IIIB
10 - 30	IV
1 - 9	V

An AFQT percentile score of 50 is average for the population; therefore, recruits with percentile scores of 50 and above (Categories I, II, and IIIA) can be considered "above average". The Services attempt to recruit as many "above-average" people as possible and are

highly selective in recruiting among applicants who score below average on the AFQT. The following groups are not accepted for military service:

- o Category Vs.
- o Category IV non-high school graduates.
- o Category IV high school graduates who score in the 10th to 15th percentile range (the bottom end of Category IV). The individual Services may set higher percentile standards. ^{1/}

These excluded groups represent 21.5 percent or more of the youth population. ^{2/} The current standards thus place a floor on the ability level of recruits. During wartime only Category Vs are ineligible for the draft; the Selective Service law does not permit excluding any Category IVs. During peacetime, the Services first exclude those Category IV applicants who have a lower probability of success and then try to minimize the number of otherwise acceptable Category IVs who are enlisted. Congress has established ceilings on the percentage of Category IVs that may be enlisted. The ceiling is 25 percent for each Service in FY 1982 and only 20 percent starting in FY 1983.

AFQT scores and scores on the aptitude tests administered to applicants for enlistment are useful in predicting the probability of success in training for each military occupation. Each Service establishes test score prerequisites that vary by occupation. The link between test

^{1/} The current minimum percentile standards are: Army, 16; Navy, 17; Marine Corps, 21; Air Force, 21.

^{2/} Others who score in the acceptable range on the AFQT may not score high enough in specific composite aptitude areas to be accepted or may fail to meet the physical or moral standards for enlistment.

scores and actual performance on the job is more tenuous, although available evidence indicates that, in the aggregate, most high scorers do better on the job than most low scorers. ^{1/}

Due to this lack of hard evidence, it is difficult to say with precision what the test score distribution should be for each Military Service. After first excluding the 21.5 percent or more of the youth population who show the least promise for successful military service, the Services make the reasonable assumption that, other things being equal, high scorers are generally preferable, and recruit the most trainable people they can. However, each Service has jobs that can be performed quite adequately by people who enter with the lowest acceptable test scores. In addition, training and experience in military jobs tend to raise the test scores of military personnel above the scores achieved when they entered military service. Consequently, it is not necessary to recruit all high scorers in order to have a quality force. A mix of personnel with abilities that fit the demands of military jobs, suitably trained, led and motivated, can be a fully effective force.

Screening systems during training and afterward in units tend to separate from service the members who lack the ability or the motivation to perform adequately. The performance standards for remaining in service are higher today than they were during the draft era. These higher standards account, in part, for the substantial increase in first-term attrition that occurred after the end of the draft.

COMPARISON WITH THE YOUTH POPULATION

In 1980 DoD sponsored a major research effort -- the "Profile of American Youth" -- to assess the aptitudes of contemporary youth. The

^{1/} DoD is starting a long-range joint Service research effort through which the Services will develop better selection instruments and try to learn more about the relationship between test scores and job performance.

Armed Forces Qualification Test was administered to a nationally representative sample of young men and women. Table II-5 compares the AFQT scores of FY 1981 enlisted accessions with the test scores of this youth population.

Table II-5
**Comparison of AFQT Scores: 1980 Youth Population
 and FY 1981 Non-Prior Service Accessions
 (Percent)**

AFQT Categories	Youth* Population, 1980	DoD Accessions, FY 1981				
		DoD	Army	Navy	Marine Corps	Air Force
I	4	3	2	4	3	4
II	33	30	21	35	30	39
IIIA	16	22	16	24	24	25
(Subtotal - Above Avg.)	(53)	(55)	(39)	(63)	(57)	(68)
IIIB	16	27	30	25	30	25
IV	24	18	31	12	13	7
V	7	0	0	0	0	0
Total	100	100	100	100	100	100

Source: Data on youth population from "Profile of American Youth," Office Asst. Sec'y of Defense (Manpower, Reserve Affairs and Logistics), March 1982.

*Age 18 - 23.

The figures in the table show that the Department of Defense in FY 1981 recruited people who were quite representative of the youth population in terms of this quality index:

- o 55 percent of the recruits scored above average, compared to 53 percent in the youth population.

- o 33 percent of the enlisted accessions were in the two highest test categories (I and II) compared to 37 percent in the youth population. This is a remarkable recruiting achievement because this is the talent pool heavily weighted with people who are likely to attend college (rather than to enlist) and eventually fill professional, scientific and managerial jobs in civilian life. People in this group are also the most likely to be trained as officers in the Military Services.
- o In the youth population group, 24 percent scored in Category IV and 7 percent in Category V, the lowest group, for a total of 31 percent. In contrast, only 18 percent of the DoD accessions were Category IVs, and no Category Vs were accepted.
- o Test results for recruits in the first nine months of FY 1982 are even more favorable: 60 percent scored above average and only 14 percent scored in Category IV.

The Army did not fare as well as the other three Services in accession test scores in FY 1981 and prior years, but the gap has been substantially narrowed in FY 1982. For example, the percentage of Army recruits whose scores were above average rose from 39 percent in FY 1981 to 53 percent in the first nine months of FY 1982. Nonetheless, even in the excellent recruiting climate of FY 1982, Army entrance test scores remained significantly lower than those of any of the other Services. One reason for this persistent disparity is that the Army has to recruit many more accessions each year than the other Services -- on the average, 50 percent more than the Navy, twice as many as the Air Force and over three times as many as the Marine Corps.

The Army (and the Marine Corps) may not need quite as rich an aptitude mix as the Air Force and the Navy, but there is general agreement that the Army would benefit by continuing to recruit substantially more above-average people and fewer Category IVs than it did in the period FY 1976-1980. The Army believes that the level of quality it is receiving in its FY 1982 accessions is satisfactory. The problem

therefore becomes one of avoiding slipping back to the less-than-satisfactory conditions of the late 1970s.

The test scores for Navy, Marine Corps and Air Force enlisted accessions did not change significantly after the draft ended in FY 1973, but there was a serious decline in Army test scores, especially during the period FY 1976 to 1980. The test scores of Army recruits improved significantly in FY 1981 and have been even better during the first nine months of FY 1982. Table II-6 lists Army scores for selected years, beginning with FY 1964.

Table II-6
Trend in AFQT Scores for Army Enlisted Accessions
 (Percent)

Fiscal Year	AFQT Categories			
	Above Avg (I, II, IIIA)	IIIB	IV	Total
<u>Draft Period*</u>				
1964	56	25	19	100
1968	51	21	28	100
1972	56	26	18	100
<u>AVF Period</u>				
1974	52	30	18	100
1977**	35	24	41	100
1980**	27	23	50	100
1981	39	30	31	100
1982 (9 Months)	53	28	19	100

*Includes draftees and volunteers.

**Renormed scores.

The entrance test used by the Military Services from January 1976 through September 1980 was not correctly calibrated to earlier forms of the test. This error in the scoring tables masked the actual increase in the proportion of low-scoring recruits. The correct scores for these recruits were not known until FY 1980. For four years recruiters were misled into thinking they were taking in higher-scoring people than they were actually accepting. An even more serious result was that manpower managers were not alerted to the fact that the number of lower-scoring recruits being enlisted had risen very significantly. Consequently, actions that should have been taken to counter the quality deficit were delayed. After a new test with accurate scoring tables was introduced in October 1980 the scores of Army recruits improved. The test calibration error was not the only factor that led to an increase in the proportion of recruits with low actual AFQT scores during FY 1976-80, but it was an important, although difficult to measure, contributor to the problem.

THE VIEWS OF FIELD COMMANDERS ON QUALITY

AFQT scores and statistics on educational attainments are sound, objective criteria for measuring the quality of military manpower. They are particularly valuable for tracking quality trends and alerting manpower managers to impending problems that may require correction through new legislation or other management initiatives. However, the ultimate proof of the abilities of military people is the quality of their performance in the field -- how well they adjust to membership in operational units, how well they absorb on-the-job training, and how well they do their assigned jobs. These indications of quality can only be predicted in a general way by AFQT scores and educational statistics. A full understanding of the quality of the manpower force also must take account of the opinions of the commanders in the field who are responsible for the operational performance of their military units collectively and their subordinates as individuals.

In the late 1970s commanders in the field became concerned about two disturbing manpower problems. First, experienced enlisted leaders and technicians were leaving the force at alarming rates. Secondly, many commanders concluded that the abilities of first-termers coming out of the training base had fallen. At present, however, these concerns have been allayed by the pronounced improvement in the retention of experienced career members and the qualifications of first-termers joining operational units. The views of the Commander in Chief of US Army Europe, as reported in a recent interview, are illustrative of this renewed optimism about the All-Volunteer Force:

"It's the highest-quality peacetime force we've put into the field in my memory. We've recruited it well, and we've trained it well. Eighty-three percent of the soldiers in the American Army over here have high school diplomas of some kind. We have smart people -- that's a fact -- and we keep only those who truly want to be United States Army soldiers.

"The Army's been criticized for enlisting poor-quality people. It's pointed out that roughly one third can't make it through a three-year enlistment. That's because we have high standards. We're pretty demanding. We discharge one third because they can't meet those standards, then make our Army out of the two thirds who can.

"You never know about a wartime force until you go to war. But today's Army is of such a quality that I have no reservation in saying that, if given a choice of which peacetime army of the past 40 years I would want to go to war with, I would choose this one."^{1/}

^{1/} General Frederick J. Kroesen, quoted in "GIs in Europe: 'Good Now, Going to Get Better'," US News & World Report, August 9, 1982.

The quoted views, which appear to reflect the consensus of responsible commanders of all Services, strongly reinforce the statistical evidence in confirming the current quality of the All-Volunteer Force. Commanders generally agree that, if the recruiting and retention results of the past two years can be sustained over the long haul, the All-Volunteer Force will continue to be a success.

THE CONTINUING DEBATE ON RECRUIT QUALITY

As the size of the youth population becomes progressively smaller in the 1980s, the issue of recruit "quality" will probably become even more controversial than it has been during the first ten years of the AVF. There is little doubt that the Services can recruit enough volunteers, in gross numbers, to meet the peacetime military strengths that are currently planned through FY 1987. It is less certain that the Services -- especially the Army, which requires the most accessions -- can recruit the proportion of "above-average" people that Congress or the Department of Defense may decide is necessary. For the time being, complaints about recruit quality have been stilled by an upsurge in the number of high-scoring high school graduates recruited in FY 1981 and 1982. By the middle and late 1980s the issue of recruit quality will probably arise again. It can be predicted that the renewed debate about whether or not the nation should return to the draft will revolve around competing views on the level of recruit qualifications that is essential for manning the force.

SOCIO-ECONOMIC STATUS

The claim is often made that one result of ending conscription is that the middle class has abandoned the military. Those who volunteer are characterized as poor, disadvantaged youths who are "conscripted by poverty."

Scholars are still arguing about how much class bias existed in military service during the quarter-century conscription period following World War II. The consensus seems to be that young men from

upper-income families were under-represented in the enlisted ranks of the Active Force because of college deferments, service as commissioned officers or membership in the reserve components. Young men from lower-income families were under-represented because of high failure rates on the entrance tests. In an ironic turn of events, the issue of class bias is now being used to attack the volunteer force, while the draft is being extolled as a mechanism for achieving better representation of all social groups in the enlisted force.

When a draft is used -- in peace or war -- the social origins of those who are drafted is a legitimate issue. The regulations that govern the draft should be fair to all segments of society. In a major war, the peacetime force will be augmented in large numbers by draftees who should include members of all social groups. However, in a peacetime military force that is staffed completely by volunteers, the prime consideration should be to procure and retain enough competent people to maintain the combat readiness of military units. The social origins of those who freely choose to accept the burdens and the benefits of military service should not be a recruiting criterion.

The Military Services make no attempt to identify recruits by social origin. Some research was conducted in 1979 comparing the social characteristics of military and civilian youth in the 18 to 21 year age group. The military sample was composed of enlisted personnel serving their first enlistments. Table II-7 presents data extracted from this survey.

Table II-7
**Comparison of Selected Characteristics of Males
in the Armed Forces and Civilians, Age 18 - 21, 1979**
(Percent)

Characteristics	Civilians		Military	
	Total	Full-Time Employed*	All Services	Army Only
<u>Education of Parents</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Less than 12 Years	23	27	23	31
12 Years	42	49	45	43
13 Years or More	35	24	32	26
<u>Occupation of Parents</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Professional or Managerial	31	21	23	22
Sales/Clerical	12	12	11	8
Blue Collar	44	53	52	53
Service	9	9	12	15
Farming	4	5	2	2
<u>Educational Expectations</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Less than 12 Years	8	10	2	2
12 Years	35	48	27	31
13 - 15 Years	17	25	25	30
16 Years or More	40	17	46	37

Source: "National Longitudinal Survey of Youth, Labor Force Behavior," Ohio State University.

*"Full-time employed" excludes those who are unemployed, those still in high school and those enrolled in college full time.

The data show that military youths in the enlisted ranks come from about the same family backgrounds, as measured by parents' education and occupation, as civilian youths who are employed. Enlistees in the Army come from a somewhat less favored socio-economic background; however, the data clearly refute the perception that Army first-termers are predominantly the children of educationally and culturally deprived families.

It is also interesting to note that military youths have much higher educational aspirations than civilian youths who are employed. These aspirations are reflected in the very active participation by military personnel in the extensive off-duty educational programs sponsored by each Service.

In summary, the popular perception that most young people who are accepted for military service are the offspring of poor and disadvantaged families is simply not true. When we add to the first-termers the enlisted career force and the officer corps -- a group with middle-class incomes and values -- it becomes clear that the Military Services are roughly representative of the nation's socio-economic pattern. Military commanders, of course, are far more interested in how people perform than in their family backgrounds.

BLACK CONTENT OF THE FORCE

The one significant way in which military personnel depart from a reasonably close representation of the general population is the high proportion of blacks in the enlisted force, particularly in the Army. The current black content of the Military Services is shown in Table II-8.

Table II-8
Blacks as a Percent of Active Duty Strength, FY 1981

	DoD	Army	Navy	Marine Corps	Air Force
Officers	5	8	3	4	5
Enlisted	22	33	12	22	17
Total	19	30	11	20	15

Nineteen percent of the military personnel in the Active Force are black as compared to 12 percent of the U.S. population as a whole and 13 percent of the youth population. Black representation is especially high in the enlisted ranks of the Army (33 percent) and the Marine Corps (22 percent). The membership of Hispanics, Asiatics and other minority groups in the Military Services, in contrast, is somewhat lower than their proportion in the general population.

Black representation in the Services began increasing before the volunteer force was introduced, but this growth accelerated after the end of the draft. Two factors have contributed to the increase in the proportion of blacks:

- o Blacks have a higher propensity than whites to enlist and reenlist. This tendency is based on:
 - oo The proud heritage of black service in the military since the beginnings of the nation, which has contributed strongly to the prestige of military service in the black community.
 - oo The fact that military service offers blacks better opportunities for responsible work at fair compensation than are available to them in many segments of the private sector.
- o While blacks, as in the past, qualify for enlistment at lower rates than whites, their entrance test scores have been improving over the last twenty years.

As is shown in Table II-9, the percentage of black male accessions in the Army since the draft ended has been twice as high as the 13 percent black representation in the youth population. In recent years, accession rates for black females have been higher than for black males.

Table II-9
**Black Enlisted Accessions
in the Army as a Percent of Total Army Enlisted Accessions**

Fiscal Year	Black Males	Black Females	Total
<u>Draft Years</u>			
1964	12	19	13
1968	13	19	13
1972	15	18	15
<u>AVF Years</u>			
1974	28	20	27
1976	25	18	24
1980	28	40	30
1981	26	37	27
1982 (9 Months)	22	31	24

Black representation in the Army enlisted force is not likely to change much in the next decade from its current level. The proportion of black accessions has declined from 30 percent in FY 1980 to 27 percent in FY 1981, and to 24 percent in the first nine months of FY 1982. However, this decline in black enlistment is likely to be offset by the higher propensity of blacks to reenlist. Furthermore, the demographic trends in the youth population suggest that black accessions will rise in the future. The total 18-21 year age group will decline by 24 percent from 1981 to 1995. At the same time, the percentage of black males will increase from 13 to 15 percent of the total males in this age group.

For some observers, the proportion of blacks in the Army has become the reason for recommending a return to the draft. These observers believe that military service is a "burden" that should be shared equally by all racial and ethnic groups in our society, even in peacetime. A counterview is that no race is unduly burdened by military

service in peacetime as long as its members voluntarily choose to accept those burdens in return for the opportunities provided by military service. It is curious that the concern about black representation in the Military Services comes not from the black community, but primarily from whites. The imposition of quotas on black enlistments or reenlistments would no doubt be viewed as a discriminatory act by the black community.

Obviously, the personal risks and sacrifices of military service are much heavier in wartime than in peacetime. In the first few months of a war in which the Army and Marine Corps were heavily engaged, black casualties would probably be relatively high because of the level of black membership in those Services. However, in a more protracted major war, the infusion of draftees would change the racial mix considerably and distribute the casualty rate more evenly. Of course, any forecast of casualties by race presumes that one can predict the nature of a future war. A war in which the Navy and Air Force were heavily engaged would have proportionately fewer black casualties.

Resumption of the draft is sometimes suggested as a way to reduce the black content of the Army enlisted force. A draft would have this effect to some extent because it would conscript blacks in general proportion to their representation in the youth population, which is about 13 percent. At the same time, fewer volunteers would be accepted. Since 20 percent or more of volunteers are black, the black content of the force would go down.

The impact of a peacetime draft on the racial mix of accessions would depend on the size of the input of draftees. Most concepts for a renewed draft assume that the Army would continue to accept voluntary enlistments, as it did during the entire period of the draft subsequent to World War II. In that case, the number of draftees would be the number needed to make up the manpower deficit not filled by qualified volunteers. A small draft, say 30,000 a year, would not change the racial mix of accessions appreciably. A large draft would not be

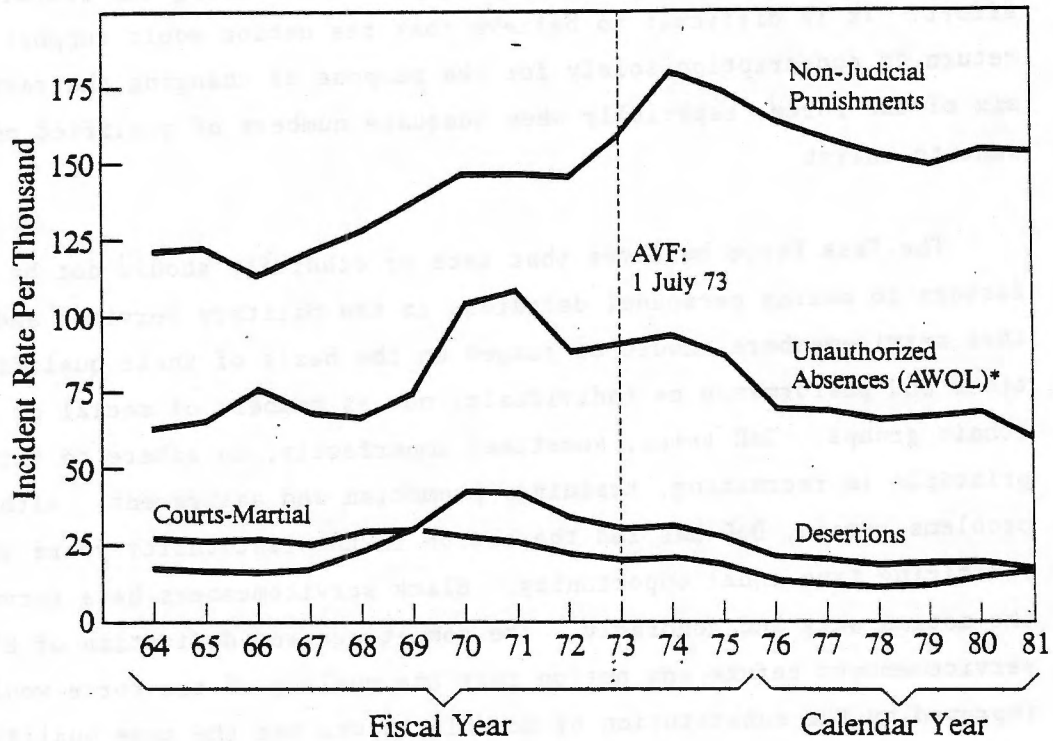
needed unless actions were taken that caused a reduction in voluntary enlistments through lowering military pay and reducing the recruiting effort. It is difficult to believe that the nation would support a return to conscription solely for the purpose of changing the racial mix of the force, especially when adequate numbers of qualified people want to enlist.

The Task Force believes that race or ethnicity should not be factors in making personnel decisions in the Military Services and that servicemembers should be judged on the basis of their qualifications and performance as individuals, not as members of social or ethnic groups. DoD tries, sometimes imperfectly, to adhere to this principle in recruiting, training, promotion and assignment. Although problems remain, DoD has led the nation in the last thirty years in practicing true equal opportunity. Black servicemembers have served the nation ably and honorably. The competence and dedication of black servicemembers refute any notion that the quality of the force would be improved by the substitution of non-blacks who had the same qualifications as the black volunteers they would replace. The apparent obsession in some quarters outside DoD with representation statistics is definitely not a sufficient reason to adopt recruitment programs based solely on race.

DISCIPLINE

The state of discipline in the Military Services affects peacetime readiness and the fighting capacity of our military forces. It is difficult to measure the disciplinary state of the Military Services with precision, but there are some useful indicators on certain infractions (notably desertions and other absences without leave), punishment rates and incidence of drug and alcohol abuse. Taken together, these can give a useful insight into trends in the discipline of the force. Figure II-1 shows the trends in key indicators of indiscipline.

Figure II-1
Indicators of Indiscipline — DoD Totals



*AWOL rates include desertion rates.

Rates of indiscipline rose sharply during the Vietnam War and have since declined. This pattern is normal -- disciplinary problems typically increase in wartime and subside in peacetime. As a result, indiscipline rates for the volunteer force are roughly similar to the rates experienced in the early 1960s. The non-judicial punishment rate remains higher than it was in the early 1960s because of the increased use of this method of punishment for minor drug offenses. The rate of unauthorized absences declined in FY 1981, in large part because of improvement in the quality of enlistees.

Unfortunately, there is still a drug and alcohol abuse problem in the Military Services, primarily among junior enlisted personnel. As Table II-10 shows, the use of drugs and alcohol among 18 to 25 year old military members mirrors usage rates in the civilian youth population.

Table II-10
Drug and Alcohol Use During Last 30 Days*
 (Percentage of 18 - 25 Year Old Population)

Type	Military	Comparable Civilians
Marijuana/Hashish	40	42
Amphetamines or Other Uppers	10	4
Cocaine	7	10
Hallucinogens	5	5
Barbiturates or Other Downers	4	4
Tranquilizers	3	3
Heroin	1	1
Alcohol	84	82

*Based on a 1979 survey of civilians and a 1980 survey of military personnel.

Civilian behavior explains, but by no means justifies, alcohol and drug abuse in the Military Services. There is no room for diminished effectiveness or unreliability among military personnel. Although drug and alcohol usage in the military occurs primarily during off-duty hours, a 1980 survey showed that the job performance of one out of four junior enlisted personnel in grade E-1 to E-5 was impaired at least once during a twelve-month period.

The Military Services have stepped up their efforts to reduce drug and alcohol abuse through education, detection, punishment and rehabilitation. Tests conducted by the Army and Navy during 1982 indicate a substantial and encouraging decline in drug usage. The Marine Corps and Air Force believe that they are achieving similar reductions in substance abuse. These results reflect the very strong emphasis that the leadership in the Military Services and field commanders have given to the problem. Further, the Department of Defense has begun to administer a world-wide drug and alcohol abuse survey similar to the 1980 survey that produced the data shown in Table II-10. The survey will cover 26,000 personnel at some 50 locations. The results of the survey will be available in the spring of 1983.

DEDICATION

A final criterion of the effectiveness of a military force is the level of dedication of its members -- their love of their nation and its ideals and their willingness to make the sacrifices that may be demanded of them. Judgments on this point must necessarily be subjective. Nonetheless, the willingness of so many well-qualified men and women to volunteer for the rigors of military service is a very positive sign. These men and women come not just from areas that are most affected by the current recession but from all across the nation, from prosperous areas as well as less favored ones. The Task Force notes a renewal in the nation at large of the patriotism that, openly or latently, has always been a hallmark of the American people and the members of the Armed Forces of the United States. This renewal has stimulated a pride in the Military Services and a deepened belief that it is an honor to wear the uniform of one's country. The Task Force is confident that this sense of dedication will continue to be demonstrated through an admirable performance of duty by the members of the All-Volunteer Force.

WOMEN IN THE MILITARY

One important change in the character of the force over the past decade has been the dramatic increase in the number of women in uniform. This increase has been consistent with the national emphasis on improving opportunities for women in non-traditional occupational fields. However, it was also spurred by the recognition within the Department of Defense that the recruitment of more women would enlarge the pool of eligible volunteers.

Table II-11 shows the growth in the number of enlisted women in absolute numbers and as a percentage of the enlisted force. The data start with FY 1972, before the All-Volunteer Force, and also show FY 1981 and the strength planned for FY 1987.

Table II-11
Female Enlisted Strength

Service	Strength (Thousands)			Percent of Total Active Enlisted Strength		
	FY 1972	FY 1981	FY 1987	FY 1972	FY 1981	FY 1987
Army	12.3	64.9	70.0	1.8	9.6	10.1
Navy	5.7	34.3	45.6	1.1	7.3	8.7
Marine Corps	2.1	7.1	9.1	2.1	4.1	5.0
Air Force	11.7	53.8	63.4	2.0	11.5	11.5
DoD	31.8	160.1	188.1	1.6	9.0	9.6

From FY 1972 to FY 1981, female representation in the enlisted force grew from 1.6 to 9.0 percent. The number of enlisted women will continue to grow, both in terms of total members and as a percentage of total enlisted strength, although the rate of growth will be slower than in the 1970s.

The educational attainments and entrance test scores of female recruits have been as good as, or better than, those of male recruits. There is general agreement that, overall, the job performance of women has been comparable to that of their male counterparts.

Although a larger percentage of female recruits than males fail to complete their initial terms of service, ^{1/} women reenlist at higher rates when they reach the end of their first terms. As a result, military men and women entering the fifth year of service are in about the

^{1/} For those who entered service FY 1977, the rate of first-term attrition (failure to complete three years of service) was 37 percent for females compared to 31 percent for males. For the FY 1978 cohort the rates were 36 percent for females and 28 percent for males.

same proportion as they were as initial enlistees five years previously. At subsequent reenlistment points, however, the career reenlistment rates of women are lower than male rates.

As the number of women in the military has increased, there has been a corresponding growth in the number of marriages in which both the husband and wife are military. There are currently about 45,700 military married couples involving 91,400 military members. While each of the Services tries to keep married members together, particularly if they have children, both members remain eligible for remote assignments and deployment overseas or at sea. If either member is not able to undertake a duty assignment involving a move for family reasons, he or she may be involuntarily separated from the service.

The Services have tried to quantify the amount of time female military personnel are away from their jobs as compared to males. The general pattern seems to be that males and females lose roughly the same amounts of job time, but for different reasons. Women lose more time due to pregnancy ^{1/} and other medical reasons, but men lose more time because of unauthorized absences and other disciplinary problems.

Personnel management of women in the military has posed some unique problems, particularly because of the rapid pace of the increase in the number of military women in the past decade. The Services have expressed concern over potentially adverse effects on readiness of further increases in the number of military women. This concern arises because of limits on the use of women in combat and because of their decreased availability for deployment as a result of military marriages and pregnancy. Although the Task Force makes no specific recommendation on future strength for female military personnel, it notes with approval that women are making an important contri-

^{1/} The data on pregnancy rates are not standardized and may be incomplete. The rates by Service vary but indicate that from 7 to 10 percent of the female enlisted population become pregnant annually.

bution to our defense capability. It is anticipated that women will continue to comprise between 9 and 10 percent of Active Force enlisted personnel through FY 1987, as is projected in current Service programs.

CONCLUSIONS

As the discussion in this chapter has shown, the dismay expressed by critics about the personnel who make up the All-Volunteer Force is not substantiated by the facts. The primary fact is that today's force matches up very well against both the mixed volunteer-draftee force of 1972 and prior years and comparable civilian peer groups. Consequently, proposals to return to the draft as a solution to perceived flaws in the qualifications of the people who make up the current force do not make much sense.

The most serious allegation made against the AVF by some of its harsher critics is that its enlisted members, in particular its new accessions, are not good enough for their jobs -- that they are not very intelligent, not very well-educated, and not very capable. The schematic in Figure II-2 helps to bring perspective to the facts about this false indictment.

Figure II-2
Eligibility for Enlistment

AFQT			High School	
Percentile	Category	Graduate	Non-Graduate	
Above Average	93 - 99	I		
	65 - 92	II		
	50 - 64	III		
Below Average	31 - 49	III		
	16 - 30	IV		
	10 - 15	IV		
	1 - 9	V		

Legend:

- Acceptable for enlistment
- Not acceptable for enlistment

The Services do not accept entrants from Category V or the lower range of Category IV. Neither do they accept Category IVs who have not graduated from high school. These exclusions mean that the lowest scoring people accepted for service rank at or above the 22d percentile of the youth population at large.^{1/} Most people accepted for service, in fact, are above average.

^{1/} The current eligibility standards are effective in barring people who have severe reading problems from enlistment. In FY 1981 only 9 enlistees out of 328,000 non-prior service accessions read below the 5th grade level. The figures for FY 1982 are comparable.

In terms of test results using the Armed Forces Qualification Test (AFQT), Navy, Marine Corps and Air Force recruits compare very well with a representative sample of young Americans, although Army recruits compare somewhat less favorably. In terms of education, accessions of all four Services exceeded the national youth sample in 1981 in proportion of high school graduates. Furthermore, the educational level of the total Active Force, including officers, compares favorably with the level of the civilian labor force. Such data as are available indicate that military accessions are very much like their employed civilian peers in socio-economic characteristics.

The Army has not been as successful as the other Services in recruiting high-scoring accessions, although its performance improved in FY 1981 and has improved even more in FY 1982. However, the great majority of Army enlistees during the AVF period have had the necessary qualities to learn and perform Army jobs creditably. Like the members of the other Services, they have demonstrated their dedication to the ideal of serving their country well.

The increase in the proportion of blacks in the force during the AVF period has caused concern in some quarters, although not in the Military Services or elsewhere in the Department of Defense. The Task Force believes that this concern is misguided. Blacks have entered and remained in the force in disproportionate numbers because they perceive military service as an opportunity and because the ability of blacks to qualify on entrance tests has risen. Black servicemembers have given dedicated and competent service. The Task Force firmly believes that qualified people of any race who want to serve should have the opportunity to serve. Personnel policies in the Military Services, as they should be, are based on competence, not race or ethnic origin. The Task Force does not consider the level of black participation in the volunteer force to be a problem.

In summary, the Task Force concludes that the personnel in the AVF have the qualities needed to support a strong military posture. We perceive no current manning problems that cannot be dealt with

effectively within the AVF framework. This favorable situation provides a firm basis for the task undertaken in the next chapter, which is to estimate the ability of the AVF to sustain itself as an effective force over the next five years. As is discussed in the next chapter, these years will be a period of new challenges. On the one hand, a substantial increase in the size of the force is planned; on the other hand, the pool of potential enlistees will shrink. These changes have the potential to induce new strains on the AVF, especially in the task of producing enough talented recruits.

One final comment must be made. The continuing criticism of the AVF -- much of it misinformed, much of it based on outdated data -- has the aspect of a self-fulfilling prophecy. There is little question but that this gratuitous, erroneous criticism makes it harder to recruit good people. The Task Force does not ask for freedom from criticism. It only asks that the criticism be informed and constructive.

CHAPTER III

SUSTAINING THE ACTIVE FORCE

This chapter briefly reviews how the Active Force has fared under the All-Volunteer Force (AVF) from FY 1973 to FY 1982. The chapter then discusses the prospects during the 1980s for meeting planned military strengths without resorting to the draft and the outlook for manning the career force.

ALL-VOLUNTEER FORCE EXPERIENCE, FY 1973 - 1982

The last draft call was issued in December 1972, and the statutory authority for conscription expired June 30, 1973. The Military Services have been generally successful in meeting planned military strengths in the Active Force since the end of the draft. With the exception of FY 1973, the first year of the AVF, and FY 1979, the poorest year for recruiting and retention, active duty strengths have been within 1 percent of the strengths authorized by Congress. Two factors helped ease the shift from conscription to reliance on voluntary enlistments. First, the size of the youth population was increasing in the 1970s. This enlarged the recruiting market. Second, Active Force strengths were declining as prior Administrations and Congress attempted to control defense expenditures by paring down military manpower in the Active Force. These reductions were achieved by shifting missions to the reserves, by streamlining headquarters and support units, by converting military positions to civilian incumbency and by contracting out selected support functions to the civilian sector. As a result of these actions, fewer recruits were needed to sustain a smaller Active Force.

The success of the AVF in meeting strength goals was tempered by two serious problems that arose in the late 1970s: the decline in the number of high-scoring recruits, especially in the Army, and high losses of experienced career people in all Services. These two highly publicized problems led many to believe that the AVF had failed. However, these two problems also stimulated corrective action by the new Administration and Congress.

Qualifications of Army Recruits

During the period FY 1977 to 1980, the proportion of high-scoring Army recruits declined and the proportion of Army recruits scoring in the lowest acceptable category (Category IV) on the Armed Forces Qualification Test increased. In FY 1979 and 1980, about half of the Army's recruits were Category IVs. This development can be attributed to many factors, including a decline in the competitiveness of entry-level pay, reductions in recruiting resources and enlistment bonuses, the loss of GI Bill benefits and a decline in the unemployment rate in the civilian sector. Another contributing factor was a serious error in the calibration of the entrance test that masked the actual proportion of Category IVs accepted during FY 1977-1980. The faulty calibration was not discovered and corrected until 1980.

After the decline in the qualifications of enlistees was identified, Congress imposed minimum quality standards. These limited the proportion of Category IV personnel and non-high school graduates that could be recruited. The test calibration error was corrected by the introduction of a new test series, recruiting funds and incentives were improved, military pay was raised and unemployment rates began to rise. As a result, the quality of recruits improved in FY 1981, and the improvement has been even more marked in FY 1982. The results, as measured by the test scores of Army recruits, are shown in Table III-1.

Table III-1
Quality of Army Non-Prior Service Accessions, FY 1979 - 82*
 (Percent)

Test Category	FY 1979	FY 1980	FY 1981	FY 1982 (9 Months)
I & II	17	15	23	32
IIIA	13	12	16	21
(Sub-Total Above Avg.)	(30)	(27)	(39)	(53)
IIIB	24	23	30	28
IV	46	50	31	19
Total	100	100	100	100
Percent High School Graduates	64	54	80	82

*Category I, II, and IIIA are above average recruits who score in the 50th to 99th percentile of the population. Category IIIBs are in the 31st to 49th percentile and Category IVs are in the 10th to 30th percentile. Category Vs are not accepted for military service.

The proportion of Army recruits scoring above average rose from 27 percent in FY 1980 to 53 percent in the first nine months of FY 1982. The proportion of recruits who scored in Category IV dropped from 50 percent in FY 1980 to 19 percent in the first nine months of FY 1982. There was also an improvement in the proportion of high school graduates recruited. In FY 1980 only 54 percent of Army recruits were high school graduates. In FY 1981, 80 percent of the enlistees were high school graduates. The results for early FY 1982 are also encouraging; the percentage for the full year is expected to be above 80 percent. The Army should be commended for this dramatic improvement in recruiting highly qualified accessions.

Retention of Experienced Members

Since the end of the draft, first-term reenlistment rates (i.e., reenlistments of members completing their first terms of enlistment) increased each year. However, career reenlistments (second and subsequent reenlistments) declined sharply starting in FY 1975. Part of the decline in the retention of

the career force was due to abnormally large numbers of personnel becoming eligible for retirement in the mid-1970s. However, much of the decline was the result of a drop in the retention rates of those who had reenlisted only once or twice. This decline was influenced by many factors, including cutbacks in reenlistment bonus awards and an erosion in military pay relative to pay in the civilian sector. Between FY 1975 and FY 1979, the annual pay raise was capped on three separate occasions. A rise in the civilian employment rate, which provided attractive employment opportunities outside of the Services, also contributed to the decline.

While the retention problem was damaging to the force, it has little relevance to the draft vs AVF debate, since career military personnel, at least during peacetime, have always served on a voluntary basis. To some extent, the AVF has ameliorated the career retention problem because volunteers who have completed their first terms of service enter the career force at a significantly higher rate than draftees did. The decline in experienced personnel in the middle and late 1970s would have been even greater if conscription had been in effect during this period.

The catch-up pay raises granted in FY 1981 and FY 1982, large increases in bonuses and sea pay, and a worsening in the economy have led to a substantial improvement in career reenlistment rates, while first-term reenlistment rates have continued to rise. The trends in reenlistment rates since 1975 are shown in table III-2.

Table III-2
DoD Reenlistment Rates, FY 1975 - 82*
 (Percent)

Category	FY 1975	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982 (9 Months)
First-Term	37	37	37	39	43	58
Career	81	71	68	70	76	85

*Reenlistments as a percentage of those eligible to reenlist.

Despite the decline in retention rates of career personnel in the late 1970s, the career force -- those members with four or more years of service -- grew from 762,000 to 781,000 between FY 1973 and FY 1981, largely through increases in first-term reenlistment rates. This raised the career force from 40 percent of the total enlisted force to 44 percent. Most of this increase occurred in the Army.

Conclusions on AVF Performance

In summary, the Active Force was generally adequately manned from FY 1973 to 1982, despite some significant problems with recruit quality and retention of career-force members. Experience indicates that these problems could have been avoided, or at least made less damaging, by more foresighted use of incentives and by adherence to competitive pay rates to counteract the pull of employment opportunities in the civilian sector. Experience also shows the intangible, but real, influence on force manning that has flowed from the current Administration's positive attitude toward national security and military service.

THE OUTLOOK FOR THE ACTIVE FORCE, FY 1982 - 1987

Can the Military Services continue to meet strength, quality and retention goals over the next five years?

Increase in Strength Requirement

The strength of the Active Force is programmed to increase by 216,000 between the end of FY 1981 and the end of FY 1987, an increase of 10 percent. Most of the increase will occur in the Air Force (100,000) and the Navy (77,000). Table III-3 shows programmed strength trends by Service.

Table III-3
Total Year-End Active Strength, FY 1981 - 87
 (Thousands)

Service	FY81	FY82	FY83	FY84	FY85	FY86	FY87	Increase FY 1981 - 87	
								Number*	Percent
Army	781	784	782	783	791	799	807	26	3
Navy**	529	542	560	576	591	601	607	77	15
Marine Corps	191	192	195	197	199	201	203	13	7
Air Force	570	581	593	617	639	653	670	100	18
DoD	2071	2099	2130	2173	2220	2254	2287	216	10

*Calculation of increases from FY 1981 to FY 1987 affected by rounding.

**Navy numbers exclude TARS (reserve personnel on active duty for training and administration of reserves).

The enlisted portion of this increase is 173,000, or 10 percent above FY 1981 strengths. The largest increases are in the Air Force (87,000) and Navy (57,000). Army enlisted strength is planned to grow by 18,000, and Marine Corps strength by 11,000.

Requirement for Enlisted Accessions

Table III-4 shows the estimated number of new recruits needed each year for the Services to meet their programmed enlisted strengths.

Table III-4
**Trend in Total Enlisted Non-Prior Service Accessions,
 FY 1977 - 1987**
 (Accessions in Thousands)

Service	Actual		Planned	Percent Change	
	FY 1981	FY 1977 - 81 Average	FY 1982 - 87 Average	FY 1981 to FY 82 - 87	FY 77 - 81 to FY 82 - 87
Army	118	140	130	+ 10%	- 7%
Navy	92	88	85	- 8%	- 3%
Marine Corps	41	42	41	0%	- 2%
Air Force	77	71	74	- 4%	+ 4%
DoD	328	341	330	+ 1%	- 3%

In comparison with actual accessions in FY 1981, average yearly accession goals for the next five years are stable for DoD as a whole and actually fall for the Navy and Air Force because retention is expected to remain high. The average yearly accession goal for the Army over the next five years is 10 percent higher than actual accessions in FY 1981. However, FY 1981 was an unusually low accession year for the Army. A comparison with average yearly accessions for FY 1977 to FY 1981 shows that the Army accession goal for the next five years is 7 percent lower than the record for the five previous years. The comparison is flawed to some extent because the proportion of low-scoring recruits enlisted in FY 1977 to 1981 would not now meet the congressional quality standards. However, the comparison does show that the Army's future recruiting task should be somewhat less difficult than the comparison with FY 1981 accessions alone would seem to indicate. Again, a comparison of the two five-year periods does not indicate any significant changes in numbers of accessions for the other three Services.

Accession Availability

Over the same period, FY 1982 to FY 1987, the population of 17 to 21 year old males will decline by about 15 percent. The requirement for male recruits

as a percentage of the 18 year old population will be about 16 percent in FY 1985, as compared to only 13 percent in FY 1981. In historical perspective, however, 16 percent is not unusually high. In FY 1973, the first year of the AVF, male recruits amounted to 22 percent of the 18 year old male population, and they were 18 percent of the population in FY 1975. Hence, while a declining pool of potential recruits will make force expansion more difficult than it otherwise would be, it is not expected to be an insurmountable impediment.

Analysis of Ability to Man the Active Force

To achieve planned force levels, the Military Services must:

- o Recruit sufficient numbers of new people with the appropriate mix of qualifications.
- o Retain enough experienced people to sustain the planned growth in the career force.

The Task Force staff performed extensive analyses of the Military Services' ability to meet their strength goals through FY 1987. These analyses used statistical models that have proven to be quite accurate in the past; however, as with all projections, they are subject to estimating error. The projections assume that:

- o Both entry-level pay and the pay of career people will remain competitive with pay in the civilian sector.
- o The educational benefit program that is in effect for FY 1982 will remain in effect through FY 1987. This educational benefits package includes the basic Veterans' Educational Assistance Program (VEAP) for all four Services and, in addition, supplemental educational benefits of up to \$12,000 for highly qualified recruits who enlist into selected skills in the Army for three or four years.

Our projections indicate that:

- o It is likely that all four Military Services will achieve their planned strength goals through FY 1987.
- o All four Services should be able to meet their goals for career force growth through FY 1987.
- o The Navy, Air Force and Marine Corps are likely to meet the accession quality goals they have established; these goals exceed the minimum quality standards established by Congress.
- o Starting in FY 1985, the Army will probably experience difficulty in meeting accession quality standards established by Congress unless additional recruiting incentives are provided.

If the Army were forced to reduce the total numbers recruited in order to meet the quality standards required by Congress, it is probable that:

- o The Army would fall short of planned enlisted strength by about 6,000 in FY 1985.
- o The Army enlisted shortfall would be about 16,000 by FY 1987.

Effect of Congressional Quality Standards on Army Recruiting

Congressional recruiting constraints in FY 1982 permit each Service to accept no more than 25 percent of applicants for enlistment who score in Category IV on the entrance test. ^{1/} For FY 1982, Congress also required

^{1/} In the general youth population, 24 percent score in Category IV and 7 percent score in Category V. The Services do not accept any Category Vs, and do not admit Category IVs who are not high school graduates.

that no fewer than 65 percent of male recruits in the Army be high school graduates. The Army will meet or exceed these standards in FY 1982, but the quality requirement will become more stringent in FY 1983.

Starting in FY 1983, the congressional ceiling on Category IV recruits for each Service is reduced to 20 percent. It is anticipated that Congress will also continue to require that at least 65 percent of the Army male recruits be high school graduates. The tougher ceiling on Category IVs has the potential for creating recruiting shortfalls in the Army. In FY 1981, 31 percent of Army recruits were Category IVs; during the first nine months of FY 1982 19 percent were Category IVs. As Army accession requirements increase in the future over the FY 1981 level and the youth population declines, it is probable that the Army will need additional recruiting incentives in order to adhere to the 20 percent Category IV ceiling. Without the added incentives, a recruiting shortfall might occur as early as FY 1983, but problems are not likely to arise until FY 1985 or beyond.

Solutions to the Potential Army Recruiting Shortfall

One solution is to persuade Congress either to eliminate the statutory quality controls or at least to maintain the Category IV ceiling at 25 percent (the FY 1982 level) instead of lowering the ceiling to 20 percent starting in FY 1983. This change would not, of course, prevent the Army from recruiting a higher-scoring mix of recruits than Congress requires.

However, the Task Force analysis assumed -- as seems likely -- that the congressional quality controls will remain as currently enacted. A number of options were examined for overcoming the potential Army recruiting shortfall. The most efficient incentives to attract sufficient numbers of high-scoring Army recruits are:

- o Enlistment bonuses.
- o Skill shortage pay for first-termers.

o Educational benefits.

Enlistment bonuses have been used with good results during the AVF period. Until recently, Congress limited eligibility for enlistment bonuses to recruits who enlisted for at least four years and restricted the maximum bonus to \$5,000. As of FY 1982, Congress has authorized a maximum bonus amount of \$8,000 (of which \$5,000 may be paid as a lump sum) and has granted authority to the Army to pay a bonus of up to \$4,000 to recruits who enlist for three years. These changes are welcome and will improve the usefulness of enlistment bonuses as a tool for recruiting the required number of higher-scoring enlistees and channeling them into skills that are hard to fill.

The second alternative is to introduce skill shortage pay for first-termers. Skill shortage pay, which is frequently referred to as proficiency pay, is an existing program through which personnel in selected skills may be paid an additional \$50, \$100, or \$150 per month. The choice of skills and amounts is at the discretion of the Secretary of each Military Department. Currently, the Services do not grant proficiency pay for shortage skills to members in the first term of service. However, there appears to be no legal impediment to doing so.

The third alternative is to offer additional educational incentives to increase the supply of well-qualified Army recruits. Under the present Veterans' Educational Assistance Program (VEAP), all recruits of all Services are eligible to participate in the regular VEAP program. Those who do can accumulate an educational fund of \$8,100 by contributing \$2,700 over a period of 36 months. The Army is currently offering non-contributory supplementary educational benefits, or "kickers", of \$8,000 to \$12,000 to highly qualified recruits who enlist in skills that are hard to fill. A kicker of \$12,000 can increase a personal education fund accumulated through VEAP to \$20,100. The Army will continue to offer the VEAP kicker program in FY 1983. Educational benefits are discussed in more detail in Chapter V.

The anticipated shortage in well-qualified recruits for the Army is relatively modest. The gap can be closed by a combination of the suggested

alternative incentives. The Task Force did not select a particular package of incentives to be used to solve this problem. We believe that this decision should be left to the Department of Defense.

Since the Military Services are not expected to have trouble in meeting their goals for qualified accessions through FY 1987, if needed special assistance in recruiting resources is given to the Army, there is no need for a resumption of the draft. Unless the situation with regard to manpower supply and demand and reasonable compensation for military personnel should change radically from the assumptions used by the Task Force, the draft will not be needed in peacetime and should be reserved for use to support a major mobilization.

However, a need for a draft in peacetime at some point in the future cannot be entirely ruled out. For example, a situation might arise where plentiful civilian jobs and a larger military force structure would combine to make it impossible for the Services to recruit enough qualified volunteers. Consequently, the Task Force directed a survey of options for a draft or for various forms of broader national service. The results of this survey are included in Appendix A to this report to that they will be available if needed in the future.

THE ENLISTED CAREER FORCE

The Task Force also examined the prospects for meeting career force goals and maintaining an experienced corps of noncommissioned officers. The "career force" is defined as the body of enlisted personnel with more than four years of service. The career force is composed of people who have reenlisted at least once after completing their initial enlistment contracts.^{1/}

^{1/} As an exception to the general rule, the career force also includes those who are in the last two years of initial six-year enlistments and those who have extended their enlistments for a short period beyond four years.

Strength of the Career Force

Table III-5 shows the trend in the size of the career force as a percent of total enlisted personnel.

Table III-5
Career Force as a Percent of Total Enlisted Strength, FY 1971 - 87

Service	FY 1971	FY 1976	FY 1981	FY 1987 (Projected)
Army	24	36	42	43
Navy	36	42	43	49
Marine Corps	23	26	30	30
Air Force	48	53	51	51
DoD	33	41	44	46
Number (Thousands)	765	735	781	898

The career force as a percentage of total enlisted strength for DoD as a whole rose from 33 percent in FY 1971 to 44 percent in FY 1981. It is expected to increase further to 46 percent by FY 1987. The Army career force percentage increased from 24 percent in FY 1971 to 42 percent in FY 1981. The DoD career force also grew in absolute size, from 765,000 to 781,000, in the 10-year period from FY 1971 to FY 1981 even though overall force strength declined substantially after the end of the Vietnam conflict.

Trends in Experience Level

Although the career content has increased, the experience level of the career force has been falling, as shown in Table III-6.

Table III-6
Career Force: Average Years of Service

Fiscal Year	Army	Navy	Marine Corps	Air Force
1971	12.6	12.1	12.3	14.3
1976	10.6	11.2	10.3	12.4
1981	10.0	10.5	9.5	11.8

The reduction in the average experience level of the career force -- as distinguished from the change in the size of the career force -- is often attributed solely to the poor reenlistment rates of mid-career people during the late 1970s. Actually, several factors interacted to change the length-of-service mix of the career force.

- o Large numbers of enlisted people who entered service during the Korean War retired in the early 1970s after completing 20 years of service.
- o First-term reenlistment rates during the Vietnam conflict were low because many who served during that period were either draftees or draft-induced volunteers. Popular disillusionment with the war and with military service in general may also have contributed to fewer reenlistments. The diminished flow into the career force led to a later decline in the number of mid-career people.
- o Reenlistment rates of mid-career people decreased in the late 1970s as military pay became less competitive with civilian pay, bonuses were cut back, and civilian unemployment declined.

The career force continued to grow in absolute numbers after the introduction of the volunteer force because first-term reenlistments climbed consistently. A higher first-term reenlistment rate is one of the positive effects of ending conscription. In addition, the military pay raises and bonuses granted in FY 1981 and FY 1982 improved the reenlistment rates of mid-career people substantially. The excessive leakage of experienced people has been stopped.

Each Service develops goals for the length-of-service distribution of its career force. The Military Services still have some experience gaps in their career forces, but this problem will be cured as junior career people mature and acquire more time in service.

Living and Working Conditions

Poor living and working conditions discourage military people from staying in the service. Military people accept arduous duty assignments and frequent moves as a matter of course. However, the nation has a responsibility to provide housing and other facilities for military members and their families of a quality that will serve to offset the unavoidable hardships of military life.

While conditions have improved to some extent over the past ten years, the pace and extent of improvement in living and working conditions have lagged behind the need. At the end of FY 1982 the construction and maintenance backlog will be \$46 billion. About \$16 billion of the backlog is at overseas stations. Officials of the Defense Department who have visited military installations worldwide have concluded that facilities in Europe require immediate attention. Personnel stationed on Okinawa are also living and working in substandard conditions.

The Department of Defense has a funding plan that will cut the construction and maintenance backlog by about 50 percent by the end of FY 1987. This plan merits the support of all elements of DoD, the Administration and Congress. The Task Force also urges the Department of Defense to continue efforts to convince host nations that they should contribute more to sharing the burden of improving U.S. facilities in their countries.

Shortage of Noncommissioned Officers (NCOs)

The shortage of experienced career members is often expressed as a shortage of NCOs, including Navy petty officers.^{1/} The shortage figures usually refer to vacancies in the top five enlisted grades of E-5 to E-9.

The Navy has a larger NCO shortage than the other Military Services, but the aggregate figures obscure the skill imbalances which exist in the NCO corps of the Army, Marine Corps and Air Force. For example, although the Air Force has no aggregate NCO shortage, it has a 5 percent shortage (about 10,000 NCOs) in some skills and an overage of 5 percent in other skills. The Navy NCO

Table III - 7
NCO Shortages as a Percent of Authorized NCO's, FY 1981

Service	Shortage
Army	1
Navy	10
Marine Corps	8
Air Force	0
DoD	4

^{1/}For purposes of this report, the term "NCO" refers to enlisted personnel in grades E-5 to E-9. This body of personnel is roughly the same as the career force, which is defined as enlisted personnel with at least four years of service. However, some junior NCOs have less than four years of service, and some members of the career force have not achieved grade E-5. When these definitional differences are taken into account, the net result is that there are somewhat more career force members (781,000 for DoD as a whole in FY 1981) than NCOs (707,000 in FY 1981).

shortage of 10 percent (22,000), on the other hand, is not offset by petty officers who have skills that are excess to Navy requirements. In terms of filling NCO positions with people who have training and experience in the right skills, the Military Services are roughly comparable.

The Army's aggregate NCO shortage declined from 67,000 in FY 1974 to 3,000 in FY 1981 and should be completely eliminated by the end of FY 1983. The Marine Corps' aggregate shortfall of 4,000 NCOs is mainly the result of an increase in the authorization for NCO strength during FY 1980 and FY 1981; the shortage is expected to be eliminated within two years. The Air Force, as noted, has no aggregate NCO shortage.

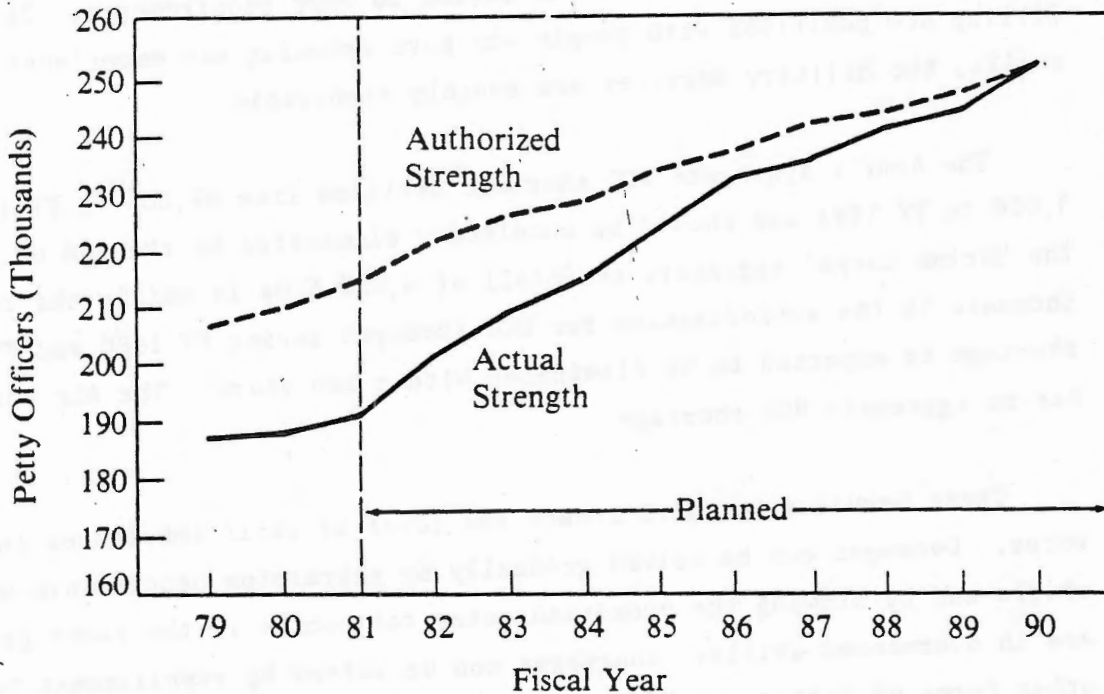
These Services can also reduce the level of skill imbalances in their NCO corps. Overages can be solved gradually by retraining people into undermanned skills and by slowing the promotion rates for people in the lower grades who are in overmanned skills. Shortages can be solved by reenlistment bonuses and other forms of differential pay for those in undermanned skills as well as by transfer of retrained people from undermanned skills.

The Navy Petty Officer Shortage

The number of Navy ships is planned to grow from 491 ships in FY 1981 to about 600 ships in 1990, thus increasing the demand for petty officers. The Task Force examined the prospects for meeting this growing requirement for petty officers as the number of Navy ships increases. The Task Force believes that, despite the rising requirement for petty officers and the current shortage, the full requirement for petty officers can be met by 1990. Figure III-1 shows the projected decline in the petty officer shortage.

Figure III - 1

Petty Officer Shortage*



*Grades E-5 to E-9.

The projected decline in the petty officer shortage in a period when the fleet is expanding is based on the assumption that the favorable recruiting and retention experience of the past few years can be sustained in the future. The maintenance of competitive military compensation is the key to sustaining these favorable trends.

Although it will take some time to eliminate the petty officer shortage completely, the Navy is confident that it can meet the challenge of a national emergency during the period while the shortage is being rectified. Petty officers assigned to shore duty can be reassigned to fill vacancies in deployed forces, and some qualified E-4s can perform tasks usually done by E-5s. In addition, petty officers from the Naval Reserve would be available during mobilization.

Determination of NCO Requirements

During the examination of NCO strength trends, the Task Force found that the Services differ in the methods and criteria they use to determine the

number of authorized positions for grades E-5 to E-9. The existence or absence of NCO shortages can be an important factor in deciding how to:

- o Allocate funds for military compensation.
- o Evaluate and improve force readiness.
- o Determine the capability of a Service to accommodate increases in the size and composition of its force structure.

The Services' methods for determining their requirements for NCOs and petty officers may be entirely appropriate. However, the Task Force believes that the Office of the Secretary of Defense should monitor the methodologies the Services use to determine these requirements in order to avoid the possibility of spending funds to support a higher enlisted grade structure than may be required for force readiness.

FORCE MANNING AND MILITARY COMPENSATION

The military pay raise for FY 1983 will be capped at 4 percent, as compared to pay growth in the civilian sector of about 8 percent. The Task Force analysis suggests that, even with this FY 1983 pay cap, the Services should be able to sustain their programmed strength levels and career force goals through FY 1987 if military pay growth matches civilian pay growth from FY 1984 through FY 1987. The pay cap in FY 1983 increases, to a slight degree, the recruiting problems that are anticipated for the Army beginning in FY 1985.

However, if a pay cap that held military pay significantly below civilian sector pay continued in force in FY 1984 and beyond, it is likely that all Services would experience difficulty in achieving programmed strength levels. If such an action coincided with a marked improvement in the economy, significant strength shortfalls would occur, with serious implications for readiness. The only feasible way to sustain the required strength of the force under such a depression of military compensation would be some form of conscription.

There are undoubtedly a number of manpower problems that will arise in the Active Force during the coming years that cannot be foreseen at this time. There will be good years and poor years in the recruiting market. The key to the continued success of the All-Volunteer Force remains today what it was at its inception in 1973: a willingness to provide sufficiently attractive compensation. The Administration and Congress must insure that military pay is maintained at reasonably competitive levels. Flexible recruiting and reenlistment incentives must be available to be used to overcome specific shortages in a particular Service or in particular skills. While these conditions cannot be met without some cost, it is the judgment of the Task Force that maintaining the volunteer force is worth the price.

CONCLUSIONS

A decade of experience with the AVF makes it abundantly clear that success or failure in military recruiting and retention are inevitably affected by the state of employment in the civilian economy. A weak economy buoys military manning, but a strong economy has the potential to hurt both recruiting and retention. Improvements in employment opportunities in the civilian sector must be countered by an appropriate combination of incentives: competitive military pay, attractive benefits and adequate funds for targeted bonuses and special and incentive pays, all backed by sufficient recruiting resources. The balance among these investments in military manning may be altered to fit changing needs, but all cannot be depressed at the same time without serious consequences. Almost all categories of funding in support of recruiting and retention were capped or cut during the late 1970s, and the damage done to military manning is a matter of record. The Task Force urges that this lesson be carefully heeded as the economy improves and the national competition for capable people intensifies.

More specific findings of the Task Force are as follows:

Overall Force Manning

- o The Services can achieve the military strength increases planned for the FY 1983-87 period without resorting to conscription, although the task will not be easy.

- o It is highly important that military pay be maintained at competitive levels in order to attract and retain enough qualified people in a period when the youth population will decline and unemployment rates can be expected to fall. Our analysis indicates that the Military Services could still achieve their strength plans through FY 1987, even though the military pay raise is capped at 4 percent in FY 1983, as long as the growth of military pay in FY 1984 and subsequent years keeps pace with civilian pay growth and bonuses and recruiting resources are maintained at reasonable levels. However, if pay, bonuses and recruiting resources decline at the same time as the economy improves, it is likely that the nation would face a choice between strength shortfalls and some form of conscription.

Non-Prior Service Accessions

- o The Army will probably have difficulty in meeting the congressional quality controls on recruiting in the future. The problem will probably begin in FY 1985, and possibly sooner. The shortfall foreseen in well-qualified Army recruits can be overcome by a combination of:
 - oo Enlistment bonuses.
 - oo Skill shortage pay.
 - oo Continuation of an educational benefit package, including allowing the Army to continue to offer supplemental benefits.

Career Force Manning

- o The career force has been growing as a percent of total enlisted strength and will reach historically high levels in the 1980s.

- o The current enlisted career force is less experienced than in the early 1970s because of an unusually large number of retirements and the drop in reenlistment rates of mid-career personnel that occurred in the late 1970s. Career reenlistment rates improved dramatically in the last two years because of improvements in military pay as well as some other factors. If these higher retention rates can be sustained, the experience level of the career force will improve with the passage of time.
- o Although current reenlistment rates are very favorable, the retention of highly skilled technicians may again become a problem, especially after the economy improves. A draft could not solve this problem. The Services, while continuing to rely on maintaining a competitive level of pay overall, should be prepared to spend a larger portion of compensation dollars on targeted reenlistment bonuses and other special and incentive pays to retain skilled technicians and career members assigned to arduous duties.
- o Within the next two years the Army, Marine Corps and Air Force will achieve their required NCO strengths in the aggregate. These Services are experiencing skill imbalances, but they have the tools to correct skill overages and shortages.
- o The Navy currently has a 10 percent shortage of petty officers, but the shortage can be eliminated by FY 1990 and should not interfere with the effective manning and readiness of the planned expanded fleet.
- o There are differences in the methods used by the Services to determine requirements for NCOs. To eliminate any lingering doubt on the validity of these requirements, it would be prudent for the Office of the Secretary of Defense to intensify its review of the criteria each Service uses to determine the required number of personnel in grades E-5 to E-9.

CHAPTER IV

MILITARY COMPENSATION

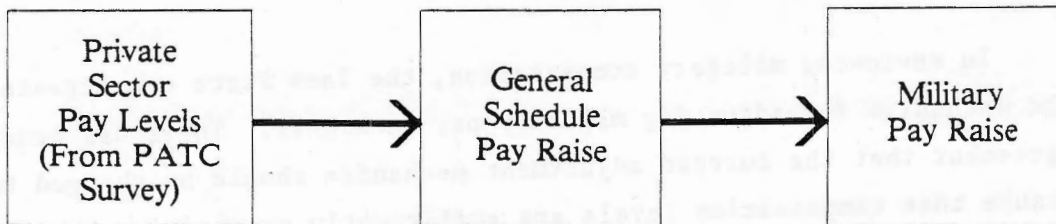
In reviewing military compensation, the Task Force concentrated on the mechanism for adjusting military pay each year. There was broad agreement that the current adjustment mechanism should be changed to ensure that compensation levels are sufficiently competitive to attract and retain enough high-quality people. However, there were differing views on some of the details of an appropriate design for a replacement mechanism.

CURRENT SYSTEMS FOR ADJUSTING MILITARY PAY

The military pay raise effective on October 1 each year is the principal adjustment made to military compensation. Each 1 percent increase in basic pay, basic allowance for quarters (BAQ), and basic allowance for subsistence (BAS) costs about \$375-million annually, including increases in elements that are directly tied to either basic pay or BAQ, such as reenlistment bonuses and family separation allowances.

Since 1967, military pay changes have been indexed, by law, to changes in General Schedule salaries in the federal civil service. In turn, General Schedule (GS) salaries are tied by statute to white-collar pay levels in the private sector as measured by the annual survey of Professional, Administrative, Technical and Clerical Workers (PATC). Military pay levels can be higher or lower than either private sector or GS pay levels. The law requires only that GS and military pay raises each year be the same percentage. The linkage in the current law is shown in Figure IV-1.

Figure IV-1
Current Pay Adjustment Mechanism



The President can propose to Congress a GS pay raise that is different from that required to maintain comparability with private sector workers covered in the PATC survey and, by so doing, affect the size of the military pay raise. This authority was used several times between 1972 and 1979. As a result, neither GS nor military pay increases kept pace with the PATC wage growth. In each of the last two years, Congress temporarily severed the link between adjustments to military and GS civilian pay, granting average military pay increases of 11.7 percent in FY 1981 and 14.3 percent in FY 1982 rather than the 9.1 percent and 4.8 percent increases granted to GS civilians. This action was taken because the President and Congress were convinced that military pay had fallen below competitive levels and that large "catch-up" increases were needed to restore rough parity with private sector wage and salary changes that had occurred since the beginning of the AVF period.

NEED FOR A NEW MILITARY PAY ADJUSTMENT MECHANISM

After investigating the operation of the automatic linkage between military and GS pay raises, the Task Force concluded that the linkage should be severed. There are three reasons for this severance:

1. Caps on GS pay, whether or not justified, should not be used to depress military pay. Recent caps on GS pay apparently have not prevented federal agencies from hiring and retaining qualified civilians.

In contrast, the lag in military pay in the late 1970s contributed to significant manning problems in the Military Services and necessitated the catch-up pay increases in FY 1981 and FY 1982. The President's Budget for FY 1983 recommends caps on General Schedule pay increases at levels below projected private sector pay raises for each year through FY 1987. The Task Force is concerned that similar caps on military pay raises from FY 1984 through FY 1987, as required by the current adjustment process, could lead again to recruiting and retention shortfalls. Civil servants and military personnel have vastly different sets of personnel problems. Therefore, the pay adjustment mechanisms of the two groups should be separate and should be tailored to meet the particular needs of each group.

2. The PATC survey, which is used to adjust GS pay, is not suitable for adjusting military pay. The occupations surveyed for the PATC index are essentially white-collar jobs. The enlisted members of the Military Services are predominantly in blue-collar jobs. During the 1970s, the wages of blue-collar workers in the private sector rose faster than the wages of white-collar workers. The PATC index did not reflect the more rapid increase in blue-collar wages, and, as a result, some of the slippage in military pay comparability was hidden from view.

3. Tying military wage changes directly to national wage changes would be understandable to military members as well as acceptable to the taxpayer. Under such a linkage, the military member would fare neither better nor worse than the typical worker in the country. Furthermore, military pay would no longer be held hostage to the uncertainty of GS pay adjustments.

The Task Force evaluated a number of alternative indices for adjusting military pay. The Employment Cost Index (ECI) was selected as the most suitable because it is a national indicator of wage change and is the most representative of the skill mix of the Military Services. Some comparisons of the PATC and ECI indices are shown in Table IV-1.

Table IV-1
Comparison of PATC and ECI Indices

Coverage	PATC	ECI
● Military Jobs		
— Enlisted	10%	71%
— Officer	50%	67%
Total	12%	70%
● Number of Civilian Workers	2 Million	88 Million
● Civilian Occupations	23	417
● Collection Frequency	Annual	Quarterly

While the ECI is a relatively new index -- having been established in 1975 -- it has gained a solid reputation as a valid national indicator of wage change. It is considered the wage equivalent of the Consumer Price Index. It includes a broad spectrum of occupations, covering about 70 percent of the jobs in the military force, and represents the movement of wage change for about 88 million workers in the country.

The Task Force agreed that the ECI is the most valid index for adjustments to military pay and that it should be adopted as the standard mechanism for the annual military pay adjustment. It should be noted, however, that some members of the Task Force, while concurring in the merits of the ECI as an adjustment mechanism for military pay, had reservations about the wisdom of establishing an automatic linkage to a single pay index. One suggestion was to set the military pay raise each year within a range bounded by the increase in the ECI index and the pay raise granted to federal General Schedule employees.

FLEXIBILITY IN THE PAY-RAISE PROCESS

The next task was to determine the appropriate degree of flexibility in the President's authority to recommend a pay increase above or below the

increase called for by the ECI or to vary the internal distribution of the annual military pay increase.

The Task Force agreed that the President must have authority to recommend a percentage pay raise that is above or below the percentage change in the ECI in order to respond to certain conditions of pressing national importance. For example, the President must be able to respond to current or impending deficiencies in military force manning by recommending a higher pay raise than indicated by the ECI. This use of flexibility corresponds to the adoption of the catch-up pay raise of FY 1982, which was intended to improve recruiting and retention. The President must also be able to recommend a pay raise at a lower percentage than the increase in the ECI when such an action is necessary to help in improving general economic conditions. This exercise of flexibility is analogous to the President's recent action in acceding to a pay cap on the military pay increase for FY 1983. Further, this authority should be specifically granted by statute to preclude the need for ad hoc laws in each year in which a deviation from the ECI becomes necessary.

The President currently has limited statutory authority to vary the internal distribution of pay raises. This authority allows him to allocate up to 25 percent of the basic pay raise to BAQ, BAS, and to different grades and steps in the basic pay table. The Task Force agreed that this authority should continue.

There were differing views within the Task Force on whether the President should have further authority to reallocate a portion of the ECI-based raise to increases in differential pays, such as reenlistment bonuses, or whether increases in differential pays should be in addition to the ECI-based raise. The rationale for each of these views is summarized below.

The Case for Reallocation

The concept of reallocation to differential pays would permit the President to reallocate up to 25 percent of the annual basic pay raise to pay programs directed at specific skill and assignment shortages in each Service. This authority would be in addition to the President's existing authority to reallocate by grade.

- o Defense manning problems differ not only by grade but by Service, by assignment and, particularly, by skill. A large percentage of DoD skills are currently either overmanned or undermanned by at least 10 percent. Many of these manning problems persist for extended periods because existing management tools are either not used sufficiently, or, if used, prove inadequate to the task.
- o Wage increases in the civilian sector include wage changes for some workers who received raises above the national average, as measured by the ECI, and wages for workers who received less than the average. It would be logical for the military pay system to recognize, in the same way, the differing amounts of compensation required to recruit and retain members with differing jobs and abilities.
- o A military pay adjustment computed at an equal percentage across the board is likely to undercompensate high-quality recruits, members in arduous or dangerous jobs, and skilled technicians who are in demand in the civilian sector but whom the Services need to retain. Conversely, an across-the-board adjustment is likely to overcompensate members in overage skills that are in little demand in the civilian sector and members whose duties are not unduly demanding or dangerous.
- o To the extent that the proposed reallocation authority is exercised, the total cost of military compensation would be lower than it would be if all members received the same

percentage raise with increases in differential pays as an add-on. The same recruiting and retention results could be achieved at this lower cost by holding down the size of the general pay increase and targeting increases in differential pays to solve specific manning problems.

The Case Against Reallocation

Members of the Task Force who oppose reallocation believe that the annual basic pay increase, based on the ECI increase, should apply to all military members. Increases in differential pays, structured to solve manning problems, should be an addition to the total pay increase.

- o The reallocation concept fails to recognize the strong connection between military pay increases and morale. All military members are subject to frequent transfers and reassignments and, in varying degrees, to the hazards inherent in military service. A pay raise for all members that equals the change in private sector pay enhances individual morale, unit esprit, and the cohesion of the military institution.
- o An across-the-board pay raise equal to the private sector increase supports military morale by demonstrating to all members that their actual value to their Services is at least as high as their potential value in the civilian labor market.
- o Allocating part of the general pay raise to differential pays, on the other hand, would be damaging to military morale and unit cohesion. Reallocation institutionalizes the principle of "robbing Peter to pay Paul" as part of the military pay system. The members who received no differential pays would understandably resent having those benefits for others funded out of their own pay raises.

- o Members who never received differential pays would find their compensation being ratcheted downward each year relative to pay in the civilian sector. This effect would cause recurring pressures for catch-up pay raises above the ECI in order to restore morale in the force and ward off recruiting and retention problems.

- o Depriving all members of a portion of their pay raises to fund differential pays would create new skill shortages. The targeting of differential pays is not a precise science. Any errors in targeting could lead to new situations of overmanning and undermanning.

- o Differential pays, while they total to a large sum, are a relatively small part of the compensation budget. Considering the morale and esprit benefits of an equal percentage increase for all members based on the increase in private sector pay, such additional costs as might be incurred by funding differential pays separately would be well worth the price.

Most of the Task Force members support the concept of providing equal percentage basic pay raises to all military personnel, with differential pays to be additions to the across-the-board percentage increase.

RECOMMENDATIONS

- o DoD should propose legislation that will:
 - oo Increase military pay uniformly for all personnel by the annual change in the Employment Cost Index.

 - oo Authorize the President to propose an alternative adjustment if he decides it would be appropriate because of military readiness considerations, national emergency, or economic conditions affecting the general welfare.

- oo Provide that the President's alternative plan will become effective unless both Houses of Congress disapprove. If the President should veto their resolution of disapproval, the alternative plan will become effective unless the President's veto is overruled by a two-thirds vote of both Houses.

- o The President should continue to have the authority to reallocate pay raises at least by grade and years of service, or among the compensation elements of basic pay, basic allowance for quarters (BAQ), and basic allowance for subsistence (BAS).

- o The 5th Quadrennial Review of Military Compensation should review the military compensation system in terms of its capability to attract and retain the technical specialists needed for the armed forces of the future.

CHAPTER V

EDUCATIONAL BENEFITS

The decline in recruit qualifications in the late 1970s stimulated the introduction of many bills in Congress aimed at improving recruiting by offering attractive post-service educational benefits. The Task Force examined various educational benefit proposals for their likely effects not only on recruiting but also on retention and on program cost. In addition, educational benefits were compared with other incentives for their effectiveness in coping with forecasted recruiting shortfalls.

THE GI BILL AND VEAP

The Vietnam-era GI Bill educational benefit program was replaced for those who were recruited after December 31, 1976 by the less lucrative Veterans' Educational Assistance Program (VEAP). During 1976, the Vietnam-era GI Bill offered veterans without dependents who attended school full time a stipend of about \$300 per month for up to 45 months, for a total of about \$13,500. ^{1/} The GI Bill's replacement, VEAP, offers an enlistee the opportunity to contribute up to \$2,700 over the period of enlistment to an educational fund. The government adds two dollars for each dollar the member contributes. The maximum government contribution of \$5,400, together with the member's own contribution, results in a maximum educational fund of \$8,100.

Historically, the primary rationale for a lucrative GI Bill educational benefit has been that it served as partial compensation to those who had their civilian lives disrupted by involuntary military service at low rates of pay. When the draft ended in 1973 and entry-level pay

^{1/} These rates are adjusted periodically by Congress. In FY 1982, the rates are \$342 per month for participants without dependents; \$407 per month for those with one dependent; and \$464 per month for those with two dependents.

was raised, this compelling rationale for a generous post-service educational benefit program also ended. This was a major reason for the GI Bill's demise at the end of 1976. The high cost of the GI Bill was also an important contributing factor in the decision to terminate the benefit for future recruits.

VEAP WITH "KICKERS"

Since FY 1979 the Army has offered supplementary educational benefits for high-quality recruits who enter certain hard-to-fill enlisted skills, such as positions in the combat arms. The purpose is to attract recruits with higher qualifications into these skills. The VEAP "kickers", as they are called, were relatively modest at first, and had only a modest effect on recruiting. In FY 1982 the Army increased these supplementary benefits to \$12,000 for recruits with the appropriate qualifications who enlist for three or four years in certain skills, and to \$8,000 for those who enlist for two years.

VEAP with kickers provides a maximum educational fund (\$20,100) that compares favorably with maximum benefits provided under the old GI Bill (\$15,390 for a participant without dependents at FY 1982 rates). The Navy, Marine Corps and Air Force have not sought authority to offer the supplementary educational benefits because they do not currently need this recruiting boost. Table V-1 describes the current educational benefit program (VEAP plus kickers for Army only).

Table V-1
Current Veterans' Educational Assistance Program

	Maximum	Minimum
<u>Basic VEAP-All Services</u>		
Member Contribution	\$2,700	\$300
Government Contribution	\$5,400	\$600
Total	\$8,100	\$900
<u>Army Supplement*</u>	\$12,000	0
Grand Total	\$20,100	\$900

*\$12,000 kickers for those high-quality Army recruits who enlist in certain skills for three or four years; \$8,000 kickers for high-quality Army recruits who enlist in certain skills for two years. Other Army recruits do not receive these supplemental benefits.

The Army estimates that 28,100 recruits, mainly in the combat arms, will participate in the VEAP with kickers program in FY 1982, and 29,500 will participate in FY 1983. About 59 percent of the FY 1983 participants are expected to get the \$12,000 kicker, the remainder the \$8,000 kicker. Analysis shows that many of these well-qualified recruits would not have enlisted in the Army or in the combat arms without the incentive of VEAP plus kickers.

OTHER EXISTING EDUCATIONAL BENEFITS

Career members who entered the force while the Vietnam-era GI Bill was in effect, and who have not used up their benefits while in service, retain the right to use these benefits. However, this authority expires at the end of 1989. Extending the delimiting date is a matter of equity because it was imposed retroactively after many of the affected people entered the service. A delimiting date of 1989 will penalize career members who stay in service beyond 1989, while those who leave before that date will be able to use the benefit. This inequity may hurt retention by causing some mid-career people to leave the force and others to retire early in order to use their educational benefits. Legislation has been proposed that would extend the eligibility period.

An educational benefit program for the Selected Reserve offers benefits of up to \$4,000 to high-quality non-prior service recruits who enlist for six years in specified skills. The program appears to be serving the intended purpose.

Members of the Active Force are eligible for tuition assistance, amounting to 75 percent of tuition costs, for educational courses they attend after duty hours. Members in grade E-5 and above with less than 14 years of service are eligible for an assistance rate of 90 percent. Tuition assistance is a very large program; in FY 1981 it supported 605,000 post-secondary course enrollments by servicemembers in academic programs provided by hundreds of educational institutions at bases around the world. Tuition assistance is very helpful in both recruiting and retention because it enables members to pursue their educational aspirations without leaving the service.

To encourage enlistments, Congress authorized the Military Services to repay educational loans for high-quality people who enlist in the Active Force and Selected Reserve in specified skills. This loan repayment program began in October 1980 and has been extended through the end of September 1983.

The Task Force believes that other innovative approaches should be developed for relating student aid for higher education to the manpower needs of the armed forces.^{1/} Some of the possibilities might include:

^{1/} In FY 1982, the cost to the federal government for Department of Education student aid programs was \$6.0 billion. This includes funds for National Direct Student Loans; Basic Educational Opportunity Grants, Supplemental Educational Opportunity Grants, College Work-Study Program, and State Student Incentive Grants.

- o Establishing more liberal income eligibility standards for veterans who apply for student aid.
- o Permitting health professionals whose medical education was funded by the Department of Health and Human Services to fulfill their service obligations by becoming members of the Active Force or one of the reserve components.^{1/}
- o Tying a military service obligation -- active or reserve -- to receipt of an educational grant or loan.

The Task Force did not recommend any specific course of action, but does urge further study of opportunities to use federal student aid programs as incentives for military service.

EDUCATIONAL BENEFITS FOR THE FUTURE

The main concern of the Task Force with regard to educational benefits was to decide whether it was preferable to continue the present program -- that is, VEAP for members of all Services and targeted VEAP plus kickers for the Army -- or to introduce a replacement program.

^{1/} They currently pay back their obligation by serving as commissioned members of the Public Health Service, or as federal employees or private practitioners in ghetto or rural areas that are short of doctors. About 75 percent of the participants in the National Health Service Corps are physicians.

A Replacement Educational Benefits Program

In broad terms, the replacement educational benefits program considered by the Task Force could be described as a "modernized GI Bill." It would follow the precedent of previous GI Bills in two respects:

- o All military members would be eligible for the benefit as an entitlement for honorable service.
- o The program would be non-contributory -- that is, the government would fund the benefit without requiring a contribution, similar to that now required by VEAP, from the military member.

Many people who have studied the GI Bill believe that it has the potential to discourage retention of members who are needed for the career force because too many members would leave the service to use the benefits. To cope with this possibility, the Task Force considered a three-tiered educational benefit program:

- o Basic Benefits. These benefits, as was the case with the GI Bill in the past, would accrue to all members who served an initial term of active duty.
- o Second-Tier Benefits. These benefits, which would be an addition to basic benefits previously earned, would be available to those who completed a second term of active duty. The purpose would be to counteract the tendency of the basic benefits to draw people out of military service after they had completed their first enlistments.
- o Transferability Benefits. This provision would permit members who served at least ten years to transfer their earned educational benefits to their spouses or children.

The purpose would be to retain members who had earned second-tier benefits. Since transferability could only be exercised while the member remained on active duty or after retirement, it would provide an incentive to remain in service for a full career.

The Task Force analyzed alternative programs that combined various features of basic, second-tier and transferability benefits. However, the Task Force membership was not able to reach a consensus on the appropriate future shape of an educational benefits program. Essentially, two views were represented on the Task Force:

- o That a three-tiered "modernized GI Bill" should be adopted to replace the current program based on VEAP.
- o That the current program based on VEAP should be continued.

The rationale for these two positions is discussed in the following two paragraphs.

Rationale for a Modernized GI Bill

- o Educational benefits are primarily an entitlement, earned as a consequence of honorable military service, rather than just an incentive for recruiting and retention. The nation, through paying for this entitlement, recognizes in part its obligation to those who have assumed the arduous duties of military service.
- o The nation benefits from education it provides to veterans of military service because the education raises the job qualifications and earning power of a deserving segment of the population.

- o The three-tiered educational benefits program, properly managed and supported, would produce the intended results in terms of manning the force. The basic benefits would bring in well-qualified recruits, and the second-tier and transferability benefits would assure adequate manning of the career force.
- o Educational incentives are considered by Congress to be particularly fitting rewards for military service and are more likely to receive congressional support than equivalent cash bonuses for enlistment or reenlistment.

Rationale for Continuing VEAP-Based Programs

The Task Force members who favor continuing the VEAP-based program -- and who disagree with moving to a modernized GI Bill -- tend to consider the primary purpose of educational benefits for military personnel to be as an aid in manning the force rather than as an entitlement. This rationale is the same as the line of reasoning that caused Congress to terminate the old GI Bill in 1976 and replace it with VEAP. From this point of view, educational benefits must be judged by their effect on recruiting and retention and by their cost effectiveness in comparison with other manning incentives. The Task Force members who adhere to this line of reasoning draw these conclusions:

- o The major manning problems for the Department of Defense are to produce enough well-qualified accessions for the Army and to retain enough skilled career-force members in all of the Services. VEAP with kickers can solve the Army's recruiting problem and does not have a significant adverse effect on retention. VEAP with kickers also provides the Army a needed edge in drawing power to allow it to compete successfully with the other Services for prime recruits.

- o The second-tier and transferability provisions may not provide the required amount of support for retention. Second-tier benefits would increase the incentive for leaving service after the second enlistment. There is reason to doubt that transferability benefits, which would not be received until well in the future, would have a strong drawing power for first-term and second-term enlistments.
- o The current VEAP-based program can achieve the same force-manning results as a modernized GI Bill, but at less cost. Benefits that are available to all members are unnecessarily expensive in comparison with benefits that are targeted to solve specific manning problems. For example, members who would remain for a full career without the pull of transferability benefits, as well as those who remain because of the benefits, would tend to use the benefits for their children's education.
- o Other types of incentives -- notably enlistment and reenlistment bonuses -- are likely to achieve the same recruiting and retention results as educational incentives, but at less cost. The most cost-effective recruiting and retention package is likely to be one that combines targeted educational incentives and targeted bonuses.

The Task Force analyses of variations of a modernized GI Bill assessed probable program costs on an "accrual basis" -- this is, on the basis of the amount of money that would have to be set aside each year from the inception of a program to pay for future benefits. It is considered that this is the proper way to fund such programs. The following conclusions were reached on costs:

- o The annual accrued costs in FY 1982 dollars of the cases analyzed would range from \$600 million to \$1.5 billion. These costs would be higher by between \$100 million and \$300 million if the Army or some other Service required supplementary benefits analogous to VEAP kickers.

- o In contrast, the annual accrued cost of VEAP, with kickers for the Army, would be on the order of \$200 million.

TASK FORCE CONCLUSIONS AND RECOMMENDATIONS

The Task Force was not able to reach a consensus on a long-term program of educational benefits for the Active Force. It therefore endorses the Department of Defense decision to continue the current program (VEAP, with VEAP plus kickers for the Army) at least through FY 1983. In the future, if changes in force manning conditions, the state of the recruiting market or other relevant factors make it appropriate, the Department of Defense can reexamine the need for modifications of the educational benefits program.

The Task Force also recommends enactment of the legislation DoD has proposed to extend the 1989 delimiting date for use of the Vietnam-era GI Bill.

Finally, the Task Force recommends that the Department of Defense, in coordination with the Department of Education and the Department of Health and Human Services, explore ways of using federal student aid programs to provide incentives for military service.

CHAPTER VI

MOBILIZATION MANPOWER

In the event of a major war, the Active Force would be supplemented by trained reserve personnel and retirees and by untrained draftees and volunteers. The Task Force examined the adequacy of our inventory of trained reservists and the arrangements for bringing in draftees quickly. This chapter of the report discusses:

- o The Selected Reserve.
- o The Individual Ready Reserve and other trained people who have an obligation to serve.
- o Selective Service registration.

THE SELECTED RESERVE

The primary element of the reserve forces is the Selected Reserve -- the part of our reserves that is organized and trains as units. The Selected Reserve also includes some individuals who have been preassigned to augment active units upon mobilization.

Most members of the Selected Reserve are required to participate in training drills for 24 days a year and in two weeks of annual active duty for training. New enlistees who do not have previous military service also are required to undergo three or more months of initial entry training along with their Active Force counterparts. Each member is paid, according to grade, for participating in training.

The Selected Reserve of the Department of Defense is made up of six components: ^{1/}

^{1/} The Task Force did not examine the reserve component of the Coast Guard, which is part of the Department of Transportation.

Army National Guard
Army Reserve
Naval Reserve

Marine Corps Reserve
Air National Guard
Air Force Reserve

The National Guard and Reserve have long been vital parts of our military strength, with units serving in all of the nation's major conflicts. The Selected Reserve contains combat and support units that would be vital to the successful prosecution of a major war. For example, the Selected Reserve contains:

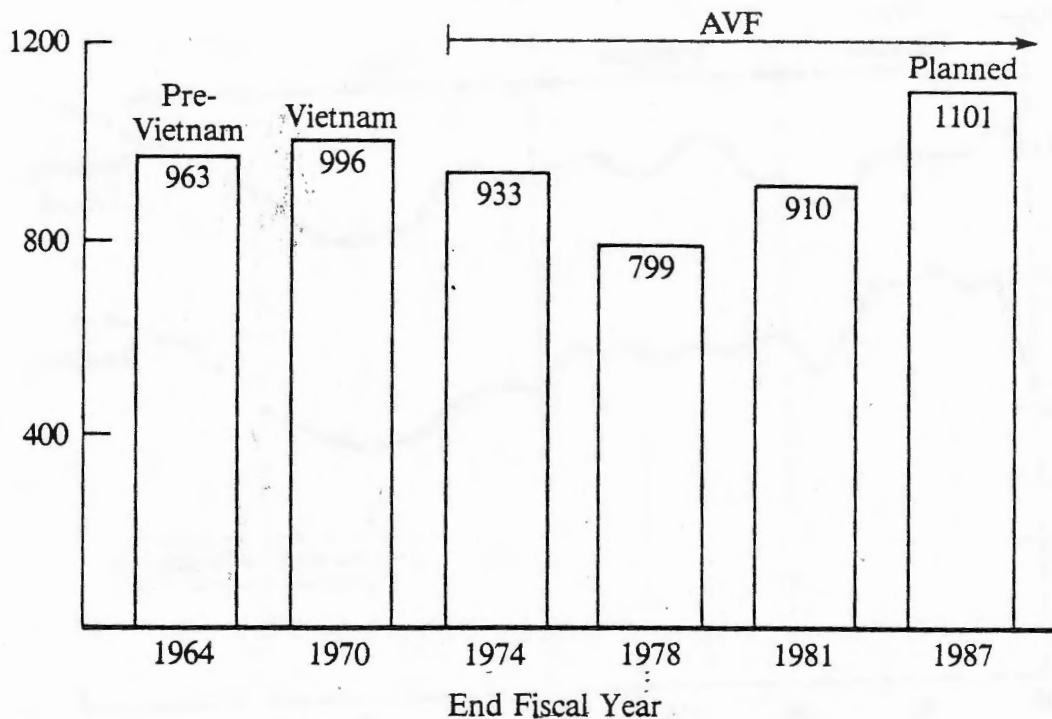
- o Army: Combat divisions and brigades, armored cavalry regiments and numerous support units.
- o Navy: Mine warfare ships, amphibious ships and antisubmarine patrol squadrons.
- o Marine Corps: A combat division, an air wing and support units.
- o Air Force: Fighter, interceptor, tanker and airlift squadrons.

The Task Force examined the capability of the Services to meet the manning requirements of the Selected Reserve.

Strength Trends

Figure VI-1 shows the trend in overall strength of the Selected Reserve. Selected Reserve strength declined from 933,000 at the beginning of the All-Volunteer Force to a low of 799,000 at the end of FY 1978. A turning point was reached in FY 1979. By the end of FY 1981 most of the manpower lost during the early years of the AVF had been recovered and Selected Reserve strength was 910,000; the strength reached 956,000 by June, 1982. From FY 1981 to FY 1987 the strength of the Selected Reserve is programmed to increase to 1,101,000 -- a higher strength than has ever been achieved in our history. In FY 1964, a year when the peacetime draft was in operation before the Vietnam War, Selected Reserve strength was only 963,000.

Figure VI-1
Total Selected Reserve Strength*
 (Thousands)



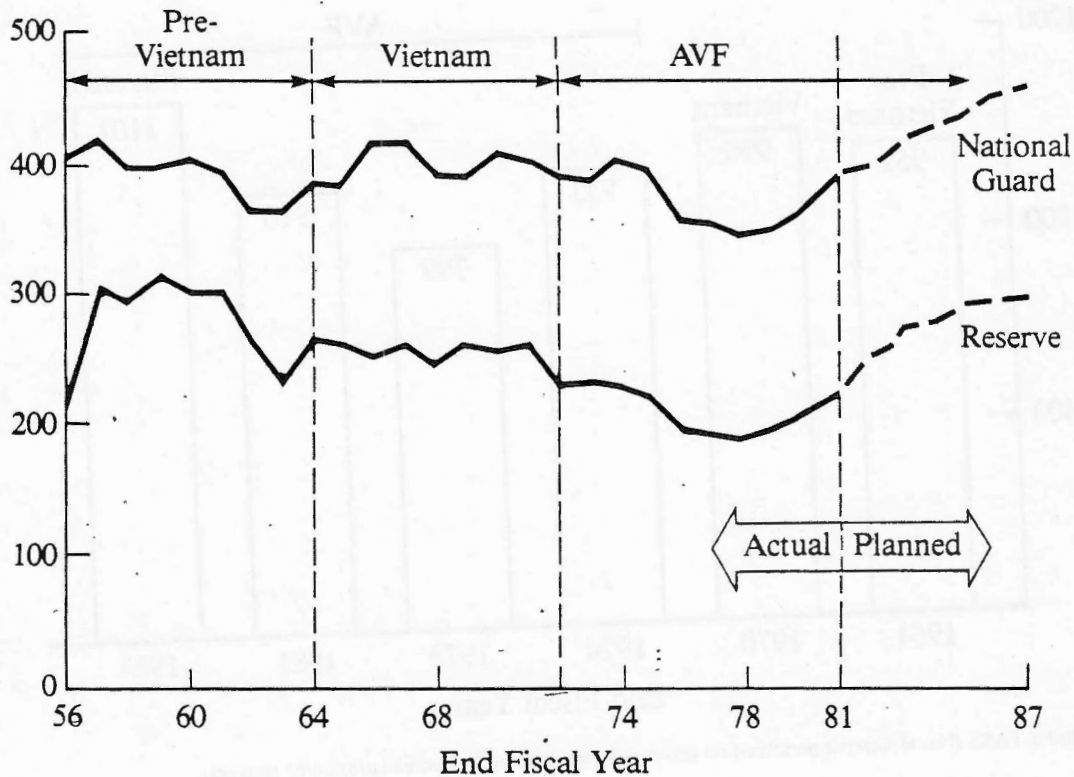
*Includes TARS (Naval Reserve personnel on active duty for training and administration of reserves).

Army National Guard and Reserve

The erosion of Selected Reserve strength during the first five years of the AVF occurred primarily in the Army National Guard and the Army Reserve. During the draft era, including the Vietnam period, young men who were vulnerable to the draft could volunteer for six years in a Selected Reserve component instead of being drafted into the Active Force for two years. Not surprisingly, there were long waiting lists of people seeking to join reserve units. After the draft ended, Army Guard and Reserve units could not recruit enough new entrants to replace the draft-motivated members, most of whom left as soon as their six-year reserve enlistments ended.

The decline in Army Guard and Reserve strength during the period FY 1974 through FY 1978 was the most critical problem that has been faced by the All-Volunteer Force. Figure VI-2 shows the strength trends for these two components.

Figure VI-2
Army National Guard and Reserve Strength
 (Thousands)



The following initiatives contributed to the turnaround in the manning of the Army Guard and Reserve:

- o Assignment of full-time recruiters and the greatly increased use of recruiting advertising.
- o Introduction of enlistment and reenlistment incentives in the form of cash bonuses or educational benefits.

The large increases in military pay that occurred in FY 1981 and FY 1982 also helped make membership in the Selected Reserve more attractive. The current Administration's renewed emphasis on national defense provided added assistance.

Planned Strength Increases

Increased reliance on the Selected Reserve for mobilization missions, and the recruiting and retention success enjoyed in FY 1980 and FY 1981, have led each of the Services to program increases in Selected Reserve strength. These increases (Table VI-1) provide for some augmentation of the force structure of the Selected Reserve, but they are primarily designed to raise manning of reserve units to levels closer to their wartime strength requirements.

Table VI-1
**Programmed Increase in Selected Reserve Strengths:
FY 1981 to FY 1987***
(Thousands)

Component	Actual FY 81	Programmed FY 87	Increase, FY 81 - FY 87	
			Number	Percent
Army National Guard	389	457	68	17
Army Reserve	225	292	67	30
Naval Reserve**	99	117	18	18
Marine Corps Reserve	37	45	8	22
Air National Guard	98	110	12	12
Air Force Reserve	62	80	18	29
Total	910	1101	191	21

*Includes Individual Mobilization Augmentees (IMA) and trainees.

**Includes TARS (reserve personnel on active duty for training and administration of reserves).

The Selected Reserve will increase by 191,000 members between FY 1981 and 1987, with most of the increase occurring in the Army National Guard and Army Reserve. In FY 1981 Selected Reserve strength was only 82 percent of the full wartime requirement. By FY 1987 Selected Reserve units should attain an average manning level of about 90 percent of their wartime strength requirements.

Attainability of Programmed Increases

Can the programmed increase in the Selected Reserve be attained without the stimulus of the draft? The Task Force is generally optimistic.

The increases for the Naval, Marine Corps and Air Force components are relatively small. These components have the recruiting capability to achieve these small increases.

The planned strength increases for the Army Reserve and the Army National Guard are much more ambitious, but the Army plans significant increases in spending on enlistment and reenlistment bonuses and the recruiting effort. If the success demonstrated in FY 1980, FY 1981, and so far in FY 1982 continues, the Army Guard and Reserve have an excellent chance of achieving their expansion goals.

Reserve Readiness

Many reserve units have attained a satisfactory state of readiness. However, others have not, and this situation weakens the nation's ability to fight a short-warning conventional war. This readiness problem also existed during the draft years but has become more critical as greater reliance has been placed on early wartime deployment of Selected Reserve units. Up until now most concern has centered on the manpower shortages in the Army Guard and Reserve. With the improvement in the manpower situation, the time has come to focus on serious readiness deficiencies in training and equipment. Improving the state of training of reserve units and raising their holdings of modern weapons and equipment will be difficult and costly. However, it will be far less expensive than it would be to expand the Active Force to assume wartime missions that are now assigned to the Selected Reserve.

Estimates of the cost of completely filling shortages in reserve equipment vary widely, ranging from \$11 billion to over \$17 billion. The Task Force was pleased to note the recent policy statement by the Secretary of Defense on priorities for the procurement and distribution of equipment. The policy gives Active Force and Selected Reserve units that are scheduled to deploy at the same time after mobilization an equal claim on modern equipment.

Conclusions

- o The Selected Reserve components can achieve their planned strength increases.
- o Training and equipment deficiencies limit the readiness of many Selected Reserve units.

Recommendation

The Secretary of Defense should: determine precisely the shortage of reserve equipment, establish specific goals and time schedules for correcting the critical equipment deficiencies, and monitor progress in achieving the goals.

INDIVIDUAL READY RESERVE

In the event of a large-scale war, the Military Services must have an immediate supply of military personnel who are already trained. These personnel would be used to bring Active Force units and Selected Reserve units to full strength and to replace casualties suffered in the first few months of combat. The pool of "pre-trained" individuals must be large enough to meet emergency manpower needs in the period before new draftees and volunteers can be trained. During the first 90 to 120 days of a war the nation will be very dependent on pre-trained manpower, especially if the war begins with little warning or if the nation does not act upon whatever warning is provided by raising the number of accessions and the output of the training base.

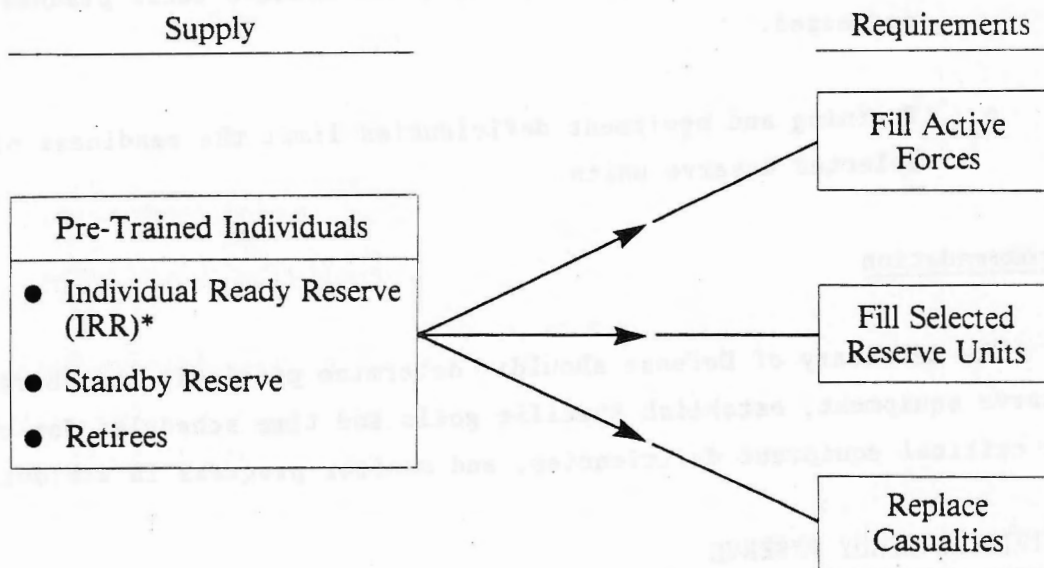
Army IRR Shortage

The Individual Ready Reserve (IRR) is the most important source of pre-trained manpower for an emergency.^{1/}

^{1/} Although the Services plan to use large numbers of retired military personnel in an emergency, the ages of retirees limit the variety of jobs to which they can be assigned.

Figure VI-3

Utilization of Pre-Trained Individuals in Mobilization and War



*References in this report to the IRR include Inactive National Guard (ING) members.

At the end of FY 1981 the Army's IRR strength was 233,000. At this strength level, the shortfall of trained people for a major war, before newly trained volunteers and draftees would be available, is about 180,000. By FY 1988 this shortfall is projected to decrease to about 110,000, in part because the peacetime expansion of both the Army's Active Force and Selected Reserve will reduce the need for IRR fillers.

These gross shortage figures understate the increase needed in the Army IRR pool:

- o When examined on a skill-by-skill basis, and Army IRR pool is woefully short of junior enlisted people skilled in the combat arms. Soldiers trained as infantrymen and in other combat skills would be needed in large numbers to replace casualties. The IRR has more than enough members with non-combat skills, but these personnel could not be used in combat roles without additional training.

- o Some IRR members would not be available when called in an emergency because of physical disabilities, hardship excusals or obsolete addresses. Some others might not report for duty immediately. The Army estimates an availability rate, or "yield rate", of 75 percent.

After taking into account the problems of skill imbalance and the limited availability rate, the Army's FY 1988 IRR shortage of 110,000 is more accurately stated as 240,000, all of which is in combat-skilled enlisted personnel.

There is a great deal of uncertainty in estimating both the requirement for manpower for the IRR and the available supply of manpower. It is obviously difficult to estimate the number of casualties that would occur in a future war and the distribution of these casualties by skill. It is also difficult to estimate the exact number of IRR personnel who would be available and usable in an emergency. These uncertainties have led to disagreements on the magnitude of the IRR shortage, although there is agreement that the Army IRR should be strengthened. The Task Force believes it is prudent to take actions that will increase the number of people in the Army IRR pool.

Source of IRR Personnel

Membership in the IRR is normally a by-product of previous service in the Active Force or in the Selected Reserve. Under current law, everyone who enlists in the Active Force or in the Selected Reserve incurs a Military Service Obligation (MSO) of six years. Part of this six-year obligation may be performed in the IRR. For example, a person who completes a four-year enlistment in the Active Army and decides not to reenlist is obligated to complete the remaining two years of the MSO either in the Selected Reserve or in the IRR. Normally, members of the IRR receive no pay, and most receive no refresher training. They are, however, available for recall to active duty during mobilization.

The flow of personnel into the IRR is a function of the strength of the active Military Services and Selected Reserve, the length of enlistments or other obligated service, and the number of personnel discharged with a remaining

MSO. During the draft era there was an abundant supply of IRR personnel. Draftees served two years on active duty and then served the remaining four years of the six-year MSO in the IRR or in the Standby Reserve. The flow from the Active Force became smaller after the Vietnam conflict and smaller yet after the end of the draft. Since the end of the draft, the average term of service in the Active Force is longer, and more servicemembers reenlist, either in the Active Force or in the Selected Reserve, after they complete their initial active service. Therefore, fewer people enter the IRR, and those who do enter remain members for shorter average periods.

Recommendations

In order to raise the strength and military utility of the IRR, the Task Force recommends the following actions:

- o Seek legislation to permit the Secretary of Defense to extend the Military Service Obligation period for future enlistees and newly commissioned officers from the current six years to a period of up to eight years.

An eight-year MSO would eventually add about 150,000 members to the Army IRR. Assuming that the legislation is enacted in 1983, the change would begin to add substantial numbers of people to the IRR starting in 1989.

There is ample precedent for a longer MSO. At one time the MSO was eight years, but it was reduced to six years in 1956 because the IRR pool became too big. Other nations have considerably longer MSOs. An eight-year MSO would keep the average American enlisted person in the IRR only until age 25½. The termination of the MSO periods of our NATO allies, in contrast, ranges from age 32 to age 50.

The Secretary of Defense made a decision in 1975 to extend the MSO, but legislation was never submitted to Congress to carry out that decision. The current IRR shortage is a direct result of previous inaction on extending the MSO.

- o Permit the Services to impose an IRR obligation on those who reenlist in the active Military Services and the Selected Reserve.

At the present time, servicemembers who reenlist in the Active Force or the Selected Reserve complete their entire six-year MSO during their reenlistments and are not assigned to the IRR when their reenlistments are completed. This recommended option would permit a Service to require future IRR membership from personnel leaving service after one or more reenlistments but before they became eligible for retirement.

Each Service could decide whether or not to use the option. As an alternative variation, the option could be exercised only for selected skills. A Service could also decide to impose the future IRR obligation only on those who received reenlistment bonuses.

This option may be attractive to the Army, which is the only Service that would have a persistent IRR shortage under current plans. A two-year IRR obligation for Army reenlistees could increase Army IRR strength by as many as 60,000 members by FY 1988.

- o Seek legislation for a bonus for those who voluntarily extend their IRR membership.

Under this option, each Military Service could offer a bonus of up to \$900 for three years of IRR service. The bonus could be offered to:

- oo IRR members who agree to stay in the IRR for a longer period of time.
- oo Eligible non-members who agree to enter the IRR even though they have completed their MSO.

This idea was tested in FY 1981. Good results were achieved in the last few months of the test period after the initial administrative problems were solved. It is estimated that the use of this bonus could add up to 70,000 members to the Army IRR by FY 1987.

The above three recommendations were approved by the Secretary of Defense on December 13, 1981. Legislation to allow the longer MSO and to authorize the IRR extension bonus was submitted to Congress on April 7, 1982. Existing legislative authority already provides a basis for requiring an IRR obligation as a condition of reenlistment if the Services should choose to exercise it.

- o Develop better estimates of the number of IRR members who would be available for duty in an emergency and identify actions that will improve the availability rates.

The availability rates that are used for planning purposes may be too high or low and are inconsistent among the Services. The Army uses a 75 percent rate^{1/} and the other Services use 90 percent. There is no apparent reason why the rates should not be the same for all Military Services. In any case, it should be possible to raise the Army's availability rate through improved management of IRR members. A higher yield from the pool of estimated IRR members would ameliorate the estimated shortage.

The actions discussed above have the potential for eliminating the Army IRR shortage by FY 1990. If these initiatives fail to solve the problem, other options can be considered. In FY 1983 the Army will be testing a program for direct enlistment into the IRR. Those who enlist through this program would be brought on active duty for training in a combat skill and would be assigned to the IRR after completing their training. Another method for reducing the IRR shortage in combat skills is to develop a post-mobilization training program that would be used to convert Army IRR members from surplus support-type skills to combat skills.

^{1/} Army's 75 percent availability rate for IRR members is composed of a 70 percent rate for enlisted personnel and a 90 percent rate for officers.

SELECTIVE SERVICE REGISTRATION

On December 15, 1981 the Military Manpower Task Force sent a report to the President on Selective Service registration. This Task Force report was helpful to the President in making his decision, on January 7, 1982, to continue peacetime registration.

With peacetime registration, the Selective Service System will be able to deliver draftees, in an emergency, 13 days after a decision to begin induction. DoD's stated requirements for draftees are for 100,000 to be delivered for military service in the first 30 days after mobilization starts. The time saved by peacetime registration could well prove decisive in a national emergency.

The Task Force also examined the problem of compliance with registration. Registration resumed in July 1980, when those born in 1960 and 1961 were registered. The 1962 year group registered in January 1981. Starting with the 1963 year group, young men register throughout the year as they turn 18. They register by completing the simple form shown in Figure VI-4.

Figure VI-4

1		2		3	
DATE OF BIRTH		SEX		SOCIAL SECURITY NUMBER	
Name of Month Day Year		<input type="checkbox"/> MALE <input type="checkbox"/> FEMALE		- - - - -	
4 PRINT FULL NAME					
Last		First		Middle	
5 CURRENT MAILING ADDRESS					
Number and Street					
City		State or Foreign Country		Zip Code	
6 PERMANENT RESIDENCE (if different than BLOCK 5)					
Number and Street					
City		State or Foreign Country		Zip Code	
7 CURRENT TELEPHONE NUMBER					
Area Code		Number			
8 AFFIRM THE FOREGOING STATEMENTS ARE TRUE					
Today's Date		Signature of Registrant			
SSS FORM 1 (JAN 82)		(Previous Editions Will Not Be Used-And Will Be Destroyed)			

Postal Date Stamp & Clerk Initials
 ID
 NO ID
 OTHER

OMB Approval 3240-0002

Table VI-2 shows the status of compliance, by age group, for the young men who have been legally required to register since the resumption of registration.

Table VI-2
**Status of Registration Compliance:
 Registrations Received as of September 26, 1982***

Year-of-Birth Group	Registration Period	Number (000)		Percent Compliance
		Registered	Not Registered	
1960	July 1980	1896	113	94.4
1961	July 1980	1926	51	97.4
1962	Jan 1981	1912	114	94.4
1963	Jan-Dec 1981	1918	105	94.8
1964	Jan-Aug 1982	1090	156	87.5
Total		8742	539	94.2

*There is a lag of about a month from the date a person registers at a post office to the date when the information is recorded at Selective Service Headquarters.

Compliance data for the 1964 year group are not yet complete, since those who will become 18 in the later months of 1982 do not have to register until their birthdates. Compliance rates for this group, as with previous year groups, can be expected to rise over time as young men who have delayed registering, whether because of inertia, lack of knowledge or other reasons, turn in their registration forms. For example, some registrations are still being received from men in year groups 1960 through 1963, thus gradually improving compliance records for these groups.

The Director of the Selective Service System informed the Task Force of the measures being taken to improve compliance with the requirement for registration. Although compliance rates have been improving, the Task Force recommends additional actions to enhance registration compliance.

Recommendations

- o The Selective Service System should enhance its publicity program. The publicity program should continue to rely on public service announcements; however, additional publicity should be aimed at localities where the compliance rate appears to be low. The publicity should make it clear that:
 - oo Registration is a simple act that requires only filling in the registrant's name and five entries of identifying information.
 - oo At present there is no statutory authority for a draft, and resumption of the draft during peacetime is unlikely for the foreseeable future.
 - oo The purpose of registration is to make it possible for the Military Services to expand with a minimum loss of time in an emergency when the survival of the nation may be at stake. However, an actual draft could not begin unless and until Congress enacted a law authorizing conscription.
 - oo Failure to register, in addition to being a punishable violation of the law, is a failure to carry out a fundamental obligation as an American.
- o The Selective Service System should use all available federal data sources to identify the names and addresses of non-registrants.

The purpose of identification is to inform non-registrants that they must comply with the law. Prosecution is a last-resort action. It is believed that most non-registrants will comply after they receive a letter from the Selective Service System urging them to register.

Congress has enacted legislation (Public Law 97-86) that allows computer matching of Selective Service files against Social Security files. It is estimated that 98 percent of 18-year-old men have Social Security account numbers. After the names of non-registrants have been identified, these names can be matched against other existing data files to provide current address information.

- o Legislation should be considered that would restrict eligibility for federal benefits for individuals who fail to register as required under the Military Selective Service Act.

The Department of Defense Authorization Act for 1983 contains a provision that makes non-registrants ineligible to receive federal student aid in the form of grants, loans or work assistance under Title IV of the Higher Education Act. Consideration should be given to extending this denial to include other benefits.

- o Legislation should be proposed to exempt members of the Selected Reserve and the Individual Ready Reserve from the requirement to register under the Military Selective Service Act.

The Selective Service Act exempts members of the Active Force from both registration and induction. The members of Ready Reserve are exempted from induction but are required to register. Many reservists are apparently unaware that they are required to register and have not done so. A recent computer check showed that 117,000 reservists born in the years 1960 to 1963 or in the first half of 1964 have failed to register. This means that 22 percent of the total of 539,000 non-registrants are men who are already serving in the armed forces as reservists. The Department of Defense and the Selective Service System are taking steps to inform reservists of their legal obligation to register; however, the long-term solution to this problem would be to change to the law to exempt reservists from the requirement to register. It seems superfluous to register people who are exempt from induction.

CHAPTER VII

CIVILIAN MANPOWER

Civilians perform a major share of the support functions within the Department of Defense. The great majority of DoD civilians work in support activities in the field, such as supply and repair depots, shipyards, base operations activities, communications centers, research and development activities and medical care facilities. Only about 4 percent of DoD's civilian employees work in management headquarters.

Insufficient civilian manpower in the Department of Defense creates two major types of problems, both of which also contribute to problems in the management of military manpower:

- o Shortages directly degrade equipment and supply readiness and living conditions for military personnel.
- o Shortages lead managers to assign military personnel to jobs that could be performed more efficiently by experienced civilians. This practice raises requirements for military personnel and diverts them from assignment to the operating forces.

CIVILIAN STRENGTH TREND

Table VII-1 shows the trend in DoD civilian employment. The number of direct-hire civilians rose to 1,275,000 in FY 1969 during the Vietnam conflict and dropped to 1,049,000 by FY 1973, at the beginning of the AVF. Civilian employment continued to drop during the AVF period and reached a low of 916,000 by the end of FY 1980. The new Administration arrested this decline.

Table VII-1
Direct-Hire Civilian Employment*
 (Thousands)

End Fiscal Year	Number
<u>Actual</u>	
1964	997
1969	1275
1973	1049
1976	956
1980	916
1981	940
<u>Planned</u>	
1982 - 87	947

*Excludes indirect-hire foreign nationals hired under agreements with foreign governments, primarily in Germany and Japan (about 80,000 in FY 1981).

Civilian strength is now planned to be at 947,000 during the period FY 1982 to FY 1987. The lack of planned growth over this period in civilian employment, in the face of plans for increased military strength and a heavier workload, is due to plans for improved economy and efficiency in support operations. These plans include anticipated conversions of functions to contract performance and productivity enhancement, as described below. If these actions were not part of the DoD plan, DoD civilian manpower would show a rising trend from FY 1982 to 1987 to accommodate the increasing volume of work.

CONTRACTING

The Department of Defense has for many years contracted with the private sector to perform a wide variety of functions ranging from aircraft engine overhaul to janitorial services. In some cases the private sector operates the support functions for entire military installations. The Department of Defense is trying to expand the use of

contracting. All functions that could be performed by private sources without hurting military readiness are reviewed on a scheduled basis. Cost-comparison studies are conducted to determine whether in-house or contract performance would be more economical.

The cost-comparison process motivates in-house activities to become more efficient in order to compete with the bids submitted by private contractors. Thus, benefits are gained by the competitive process, not only when a function is contracted, but also when an activity remains in-house. During the past three years about 50 percent of the activities reviewed remained in-house, and the other half were contracted to the private sector.

During FY 1979 through 1981, functions that had been staffed by 11,000 DoD civilian employees and military personnel were contracted out using the detailed cost-comparison procedures prescribed by Circular A-76 of the Office of Management and Budget. The goal for this three-year period was much higher, but progress was slow because of the limited number of personnel trained in the cost-study procedures and because of delays in announcing cost-study candidates.

The review process is expected to go faster in the future because the Department of Defense has acquired more experience and has streamlined its cost-study procedures. However, political problems are more difficult to resolve. Congress has imposed a moratorium on starting new cost studies for most functions during the first half of FY 1983. In addition, Congress has barred any new contracts during FY 1983 for fire-fighters and guards. When in-house work is shifted to the private sector, civil service jobs are at stake. Although winning contractors are required to give displaced civilian incumbents the right of first refusal on positions that have been converted to contract, these employees would rather retain their civil service status. Contracting out thus often generates opposition from federal employee unions and from Congress.

The Task Force believes that the Department of Defense should be scrupulously fair and objective in administering the contracting-out

program, but that DoD should move ahead as rapidly as possible with the cost studies. Competition between the private sector and in-house activities is bound to improve productivity and reduce costs.

PRODUCTIVITY IMPROVEMENT

The Department of Defense has aggressively pursued productivity improvement. DoD's productivity, as reported through the federal government's productivity measurement program, improved by 2.1 percent in 1980. Overall improvement in the federal government, as reported by the Bureau of Labor Statistics, was 1 percent.

One of the primary approaches used by DoD to improve productivity is the use of productivity-enhancing capital investments. The FY 1983 budget requests \$190 million to be used to purchase modern equipment and tools. These capital investments are expected to pay for themselves in four years or less, returning \$11 or more for each dollar invested. The Department expects to continue making these investments in the future.

CIVILIAN CEILINGS

Ceilings on civilian year-end strength are imposed by both Congress and OMB to control the size and cost of the federal work force.^{1/} However, the ceilings assigned often do not reflect the level of budgeted workload. Congress has provided the Secretary of Defense with some relief by giving him authority to increase the ceiling by up to 2 percent (about 20,000 manpower spaces). OMB makes no such provision, so DoD must get OMB's permission to use the flexibility provided by Congress.

Among the reasons cited for using employment ceilings are:

^{1/} The OMB ceiling limits the numbers of direct-hire civilians. The congressional ceiling is somewhat broader and covers the total of direct hires plus indirect-hire foreign nationals.

- o To control the number of government employees. This objective is related to the view that reduction in government employment is a desirable end in itself.
- o To force efficiencies in the use of personnel. Ceiling advocates argue that ceiling reductions lead managers to introduce efficiencies and curtail marginal work, while the absence of ceilings leads them to expand their programs.

The arguments against employment ceiling controls are persuasive. The main problem is that imbalances between funding and hiring authority at the working level lead to inefficiencies:

- o Work is rescheduled to fit the employment ceiling, and production and quality fall.
- o Work that is funded cannot be performed.
- o Temporary employees are hired rather than permanent employees, who are usually more productive, simply because temporary employees can be dropped from the rolls at the end of the fiscal year to meet civilian ceilings.

Civilian ceilings have also inhibited the use of civilian instead of military personnel in thousands of support-type jobs. Civilians generally cost the government less than military members when all costs are considered. The cost savings for conversion of job positions from military to civilian status will vary by Service and Defense agency and by type of job. However, military personnel cost more on the average because of the cost of military recruiting and training. Military people also generate more secondary support requirements (housing, medical care, etc.) than do civilians.

There are existing opportunities for conversion that will not degrade combat effectiveness, military career management or the rotation base for military personnel deployed at sea or overseas. However, the Military

Services are reluctant to convert military jobs because they fear that they will eventually lose the civilians through future ceiling reductions. This fear is justified by past experience. The elimination of civilian ceiling controls would help to encourage the Military Services to propose civilian substitution.

The Task Force sees merit in both points of view on civilian ceilings. It believes that a review of the pros and cons of civilian ceiling controls by specialists in management who are not involved with the issue on a routine basis would provide firmer grounds for a sound decision on the future status of this method of management control. The President's Private Sector Survey on Cost Control in the Federal Government, a group of corporate chief executive officers appointed by the President to review the efficiency of management in government, would be an appropriate body to undertake this review.

RECOMMENDATIONS

- o The President's Private Sector Survey on Cost Control in the Federal Government should be requested to review the issue of ceiling controls on civilian employment in DoD and make appropriate recommendations to the President.
- o The Secretary of Defense should continue to support the contracting-out and productivity-improvement programs.

APPENDIX A

SURVEY OF OPTIONS FOR A DRAFT OR NATIONAL SERVICE

APPENDIX A

SURVEY OF OPTIONS FOR A DRAFT OR NATIONAL SERVICE

As has been made clear in the preceding chapters, the Task Force has concluded that, if the required resources are made available, the peacetime manpower needs of the force can be met through FY 1987 by voluntary enlistments. The draft is not needed in the foreseeable future. On the other hand, the assumptions on which the Task Force bases its conclusions may not stand up in practice. Recruiting may falter as the youth population declines and the economy recovers. Decisions may be made to have a larger increase in the size of the Services than currently planned. These possibilities made it prudent for the Task Force to survey various options for a peacetime draft and proposals for national service in order to give some direction to future planning in the unlikely event that some form of peacetime conscription should become necessary. The information gathered in this survey is included in this appendix.

PERSPECTIVE ON THE DRAFT

As actual experience with the draft recedes into the past, some observers begin to look back to the draft with a nostalgia that obscures the real problems that accompany peacetime conscription. The political and legal problems that would have to be faced up to if a draft should be resumed are well known:

- o Potential divisions in public opinion over the merits of re-instituting conscription.
- o The problem of equity when only a portion of the eligibles are required to serve.
- o The lack of clarity on how the courts would view conscientious objector claims based on non-religious beliefs or other non-traditional grounds.

The Task Force, in keeping with its charter, has concerned itself mainly with the manpower management and force management problems that would have be coped with if a draft were reinstituted. Some of these problems are listed below.

Greater Personnel Turnover

Success in military operations is heavily dependent on teamwork, which can be fully developed only if the membership of the teams is stable. With volunteers of the required quality who serve comparatively long enlistments, relative stability in operational units can be achieved. With draftees and their shorter service obligations, the achievable level of stability is significantly lower. The problem is particularly troublesome with draftees who are assigned to complex skills, since the longer time required for training reduces the time available for service in operational units.

Greater Overall Manpower Requirements

A force that includes draftees requires more manpower than a volunteer force to support a force structure of a given size and combat potential. Draftees serve shorter terms, so more must be brought into service. Draftees and draft-induced volunteers are also much less prone than volunteers to reenlist, so replacements must be brought in. As a result, the draft swells the population of trainees, which in turn requires an expansion of the career force to man the training base properly.

Reduced Experience Level

As noted, the draft both increases the demand for career personnel and reduces the supply. This result would apply to all Services, including those with no draftees, because of the low propensity of draft-induced volunteers to reenlist. Reenlisting fewer people and spreading fewer career personnel over a wider span of jobs reduce the experience level, and therefore the readiness, of the force. Correcting this deficiency through reenlistment bonuses or higher pay would be expensive.

Costs

Most of the conditions described above would entail additional costs -- for example, to activate the Selective Service draft mechanism and to expand the training base. Some formulations for a draft also include some form of GI Bill, an add-on that would be very expensive. Features of some draft proposals -- for example, to reduce entry-level pay -- would produce savings. The net level of additional costs or savings would vary greatly depending on the option chosen. The point is that the draft might save money, depending on its structure, but it might well cost more than a volunteer force.

These problems do not make a peacetime draft impossible, they just make it very difficult to live with in a way that preserves equity while meeting national security objectives. It would be an error to think that all problems would go away if we moved from the AVF to a draft. The much more likely result is that we would exchange one set of problems for another set.

OPTIONS FOR A DRAFT

The Task Force considered six options for alternative forms of a draft. These range from a minimal draft to fill limited manpower shortages in a predominantly volunteer force to a universal draft of all eligibles.

Option 1: Minimal Active Force Draft

The Task Force projections show that there may be a shortfall in high-quality enlistments in the Army, perhaps beginning as early as FY 1985. This would amount to around 10,000 male high school graduates in AFQT Categories I to III. The shortfall would be driven by congressional quality controls which limit the proportion of non-high school graduates and lower-scoring recruits that may be

accepted. The Task Force concluded that this shortfall, if it occurs, can be overcome by targeted recruiting incentives. Another alternative is to use the draft for this purpose.

A draft of some 15,000 to 20,000 persons might be necessary to meet the congressional quality standards. The numbers are larger than the potential recruiting shortage because only a portion of the draftees would be high school graduates in the required AFQT categories. A draft of this size would represent about 1 percent of 19 year old males, about 5 percent of total non-prior service accessions, and about 10 to 15 percent of Army accessions. A draft which took so few people from each eligible age group would be hard to square with the concept of equity.

A draft of this size would have only a slight effect on the qualifications of accessions and the social or racial composition of the force and would not change the career force appreciably. The existence of a draft, however, even if very limited, would tend to spur reserve enlistments among those who wished to insure that they would not be drafted.

The only significant effect on cost would be a potential savings from the package of about \$200 million that might otherwise have to be spent in the future to attract more high-quality recruits to the Army. However, these savings would be largely offset by the cost of training 5,000 to 10,000 more accessions. It is highly questionable if such small net savings would suffice to justify to the public a revival of a peacetime draft, no matter how limited.

Option 2: An Active Draft Through Discouragement of Volunteers.

This option would recreate the pre-AVF recruiting environment by sharply reducing the pay of first-termers, curtailing recruiting efforts and eliminating recruiting incentives. The subsequent massive shortfall in voluntary enlistees would be offset by draftees and draft-induced volunteers. As in our most recent draft era, vacancies in the Selected Reserve would disappear, and Individual Ready Reserve membership would grow.

Under this option, basic military pay for enlisted personnel with fewer than two years of service would be cut in half. This would, in effect, repeal the 1971 pay raise that doubled pay for recruits and set the stage for launching the AVF. Bonuses would not be needed to channel recruits into particular skills, since draftees could simply be assigned to them. Moreover, recruiting forces could be reduced by half.

The Task Force assumes that volunteers would be reduced by 40 percent under this option because of the pay and recruiting changes. The total of draftees and draft-motivated enlistees would grow to 60 percent of enlisted accessions because of the short service of draftees and fewer reenlistments. The draft would be required to produce about 75,000 inductees in the first year, with the annual requirement growing over a period of years to about 165,000. The effects of a draft of this magnitude would extend beyond the Army. The other Military Services would receive large numbers of draft-motivated enlistees. The Navy and Marine Corps might also have to accept draftees as well to stay at full strength.

The aims of this type of draft extend beyond the mere filling of recruiting shortages. The principal motivations would be some combination of these perceived needs:

- o Reducing the cost of military manpower.
- o Increasing the quality of enlistees.
- o Providing an assured manpower supply that would be protected from the vicissitudes of the budget and the recruiting environment.
- o Eliminating shortages in the Selected Reserve and Individual Ready Reserve.

The probable long-term effects on personnel management of this type of draft, as compared to the AVF it would replace, are as follows:

- o Turnover rates would increase, making it more difficult to maintain readiness in units with appreciable numbers of draftees.
- o Annual accessions would grow from about 340,000 to about 470,000 after a period of transition.
- o The increase in accessions would require a larger training base and more manpower to support a force structure of a given size. A military strength increase of about 40,000 would be needed by FY 1987 to support the same force structure.
- o Severely reduced first-term pay would impose hardships on recruits with dependents.

If pay and recruiting cuts were less severe than the ones used in the analysis, the same effects would occur, but to a lesser extent.

The anticipated cost savings would probably be illusory. The estimated changes to the federal budget, including reinstatement of the GI Bill that was in effect in 1976 and prior years, are listed in Table A-1. The costs shown are the increases and decreases to each year's budget after about 10 years, when payments under the GI Bill approach a steady-state plateau.

Table A-1

**Option 2: Annual Cost Increases and Reductions, Steady State
(\$ Millions in FY 82 Dollars)**

Reduced Pay	-2,100
Reduced Recruiting	-540
Increased Training Base	+1,260
GI Bill	+2,000 to +2,800

In addition to the costs and savings shown in the table, there is also a theoretical pay savings of more than \$1 billion associated with the anticipated erosion of the size of the career force because of fewer first-term reenlistments. In practice, however, the Services would attempt to remedy the loss of experienced personnel through bonuses or higher pay. Maintaining the career force at current strength and experience levels would not only wipe out this "savings" in career pay, it would also require additional funds for incentives to offset the lower first-term reenlistment rates.

Under the assumptions used in this case, a return to the draft, even with drastic reductions in the pay of first-termers, could end up costing roughly \$1 billion more per year than continuation of a volunteer force. While the figures could vary a great deal depending on the features of a draft, this case illustrates that a draft is unlikely to be an effective way to save money.

A draft of this magnitude would quickly cause the Selected Reserve and the Individual Ready Reserve to fill up to strength. However, these goals can also probably be achieved under the AVF, although at a slower pace.

Option 2 would increase the quality of the first-term force, as measured by scores on entrance tests and educational levels, to some extent. However, the Task Force has concluded that the Navy, Marine Corps and Air Force should have no difficulty in meeting the congressional quality standards, and that the Army can meet them if adequate incentives are provided to attract high-scoring recruits. If these incentives should fail, the minimal draft alternative (Option 1) could be used to cure the shortfall in quality of Army recruits.

Option 3: A Draft to Improve Accession Qualifications

The most prevalent and persistent criticism of the AVF has been the assertion that the quality of personnel entering the Military Services, as measured by test scores and educational levels, has been less than satisfactory. A draft of this type would seek to raise the level of AFQT scores of accessions by raising entry standards for enlistment and induction.

As explained in Chapters II and III, the Task Force concluded that the abilities of military personnel are much better than critics have claimed. It was noted, however, that Army accessions do not match the qualifications of accessions entering the other Services and that it would be prudent to maintain the proportion of Army recruits who score above average close to the levels achieved in FY 1981 and 1982. This would be the major aim of a "high-quality" draft. Entry standards would be raised for volunteers, and the draft would be used to make up the deficit in qualified accessions. Since the objective of the option would be to raise recruit quality rather than to reduce costs, it is assumed that AVF pay and recruiting programs would continue so that as many qualified volunteers as possible would be enlisted and all personnel would be fairly compensated.

Two versions of this option were analyzed:

- o Limit volunteers and draftees to those in AFQT Category III and above.
- o Limit volunteers to those in AFQT Category III and above; accept draftees in AFQT Category IV and above.

Limiting enlistments to Category III and above would cut the supply of volunteers by about 15 percent. The discussion of Option 2 showed the effects on military personnel management and costs of a substantial draft: higher turnover rates, greater training costs and lower reenlistment rates. Under Option 3, reenlistments would fall further

because personnel with high test scores would have better opportunities in the civilian sector than lower-scoring people would. If a "high-quality" draft option reduced voluntary enlistments by 15 percent, about 25 percent of accessions in the long run would be draftees or draft-motivated enlistees whose propensity to reenlist would be low. After discharge, however, these persons would add to the strength of the Individual Ready Reserve.

One difference between this option and Option 2 is the absence of savings from reductions in pay and resources for recruiting. The costs attributable to the draft -- those due to turnover, more training and problems with retention -- would represent a net additional cost to DoD.

A "high-quality" draft would present major problems in justifying the exclusion of large portions of the population. It would be difficult to justify setting Category III as a minimum entry standard on the basis of abilities needed for military jobs. In effect, the Department of Defense would be saying that no military jobs exist that could, or should, be filled by anyone whose test scores place him or her in the 16th to 30th percentile range of the population.^{1/} Such a position would fly in the face of the facts, since Category IV people are now capably doing many military jobs in each of the four Services. The position would also be hard to reconcile with the fact that Category IVs are eligible for service in a wartime draft.

Category IV accessions, however, made up 31 percent of total Army accessions in FY 1981. This proportion is probably higher than desirable. Although Category IVs represented only 19 percent of Army enlistments in

^{1/} Category IV covers those who score in the 10th to 30th percentile range, but the Services do not accept those who score between the 10th and 15th percentiles.

the first nine months of FY 1982, the Army may have difficulty in meeting the congressional ceiling of 20 percent in future years. However, as has been stated in Chapter III of this report, the Task Force believes that the Army will be able to recruit sufficient numbers of qualified volunteers if it is adequately supported with recruiting incentives.

A related problem with Option 3 is that it raises a racial discrimination issue by systematically excluding a large portion of the minority population, particularly blacks, from the Military Services. The proportion of blacks who can qualify for military service falls in comparison with non-blacks as the minimum score for enlistment is raised. Actually, because blacks have a high propensity to enlist and reenlist, black representation in the Services under this option would still equal or exceed their proportion in the population. Nonetheless, the Department of Defense would find it difficult to justify excluding lower-scoring recruits of any race who can perform military jobs satisfactorily.

Option 4: A Draft Without Volunteers

Under this option no voluntary enlistments would be accepted, and entrance would be entirely through the draft. New entrants would be assigned to a Service on a random basis. Thus, each Service would obtain a virtually identical distribution of recruits in terms of educational attainments and AFQT scores.

This radical approach is motivated primarily by the desire to provide the Army with what is seen to be its share of higher-scoring enlisted accessions. The Army has consistently taken a higher proportion of AFQT Category IVs than the other Services and a smaller proportion of Category I and II personnel. This was true during the draft years as well as during the AVF period. The other Services were able to attract a larger proportion of high-scoring volunteers during the draft years than the Army. Many of these volunteers were motivated by the desire not to be drafted into the Army.

The radical notion in this option is the complete denial of choice to all accessions in manning the Armed Forces in peacetime. This denial of choice occurs in two ways:

- o Young people who would be willing to volunteer for the military would not be permitted to enlist unless selected by the draft lottery system. About 75 percent of those who would want to volunteer would be prevented from doing so, and their places would be taken by draftees.

- o Those tapped for the military by the lottery draft would get their choice of Service only accidentally as the outcome of a process of assigning draftees to each Service on a random basis. This feature is designed to insure that the Army would receive its share of high-scoring recruits. However, the plan would achieve this objective only at the price of denying any draftees the option to choose a Service.

This option exacerbates the turnover and retention problems discussed in Option 2. The Services would receive even fewer recruits who were motivated toward a full military career. Those draftees who would have volunteered would probably not be assigned to the Services of their choice. Reenlistment into the career force would be much lower than in the other draft options, and retention would represent only a fraction of retention rates under the AVF. The experience level of the personnel in the force would be very low.

In short, this concept could not produce the manning required for a strong force. A more workable alternative to achieve the objective of this concept would be to offer differential recruiting incentives to achieve a better balance of recruit qualifications among the Services.

Option 5: Draft for the Reserves

A draft for the Individual Ready Reserve (IRR) would conscript males for about three to four months of active duty for training, and

then assign them to the IRR for the remainder of a six-year commitment. The principal purpose of the IRR draft would be to eliminate, within a few years, the large existing shortage of pre-trained manpower in the Army IRR. This shortage is particularly acute in combat arms and combat support specialties.

As discussed in Chapter VI, the Army's IRR shortage in FY 1981 was about 180,000. It is expected to decrease to about 110,000 by FY 1988 because the peacetime expansion of the Selected Reserve to a position closer to wartime strength will decrease the need for IRR fillers. However, aggregated numbers for IRR strengths mask the skill imbalances that exist in the IRR inventory. The operative shortage in FY 1988, taking into account the deep shortage of enlisted personnel with combat skills and the non-availability of some IRR members for mobilization, is expected to be about 240,000 unless the corrective actions recommended in Chapter VI are taken.

The IRR draft would take about 80,000 draftees per year from FY 1983 through FY 1987. This would eliminate the shortage by FY 1987^{1/}. A larger draft would eliminate the shortage earlier; however, it would not spread the draft equitably across year groups and would require a larger expansion of the training base.

To supplement the initial entry training of draftees, a refresher training program of two or three weeks would be scheduled at or about the third year of IRR service. The cost of initial entry training for each draftee, including transportation costs, would be about \$9,500. The refresher training would cost about \$3,700 per member. The additional costs of operating the Selective Service apparatus would be about \$110 million per year. The total accrued costs (including the bill for future refresher training) would be about \$1.1 billion a year.

^{1/} Assumes a 10 percent attrition rate during training and a 70 percent availability rate upon mobilization.

One key unknown is how well IRR draftees would perform after mobilization. These persons would have received entry-level training but would lack the on-the-job instruction and experience that comes from serving in a unit.^{1/} It is doubtful if refresher training would overcome this lack of unit experience. IRR draftees might not be truly usable without additional post-mobilization training.

The Secretary of Defense has approved a set of actions that should eliminate the Army IRR shortage by FY 1990 and, at the same time, improve the mix of skills in the IRR inventory. The key item is legislation to permit the Secretary of Defense to increase the Military Service Obligation period for new enlistees from the current six years to as much as eight years. This extension would increase the IRR pool by about 144,000 reservists, starting in FY 1989, by keeping people in the IRR an additional two years after they completed their first enlistments.

Assuming Congress approves legislative initiatives proposed by the Department of Defense, the remaining justifications for an IRR draft would appear to be that it would:

- o Make it easier for the Army to rectify skill imbalances in the IRR.
- o Eliminate the Army shortage a few years sooner.
- o Enable the Army to increase the IRR pool to a much higher strength than currently planned, providing an extra source of trained manpower to cope with unanticipated manpower needs in a future war.

^{1/} Current members of the IRR, by contrast, have typically been members of the active forces or the Selected Reserve for three or four years before being assigned to the IRR to complete their Military Service Obligation period.

A variation of the IRR draft that has been discussed would be to assign some draftees, after active duty for training, to the Selected Reserve instead of the IRR. This option could be exercised only for those draftees who lived within a reasonable commuting distance of a reserve unit that had vacancies in the right skills. Selected Reserve draftees would have to attend the normal monthly drills and annual training for two weeks. Their terms of Selected Reserve service would be three years.

Under current conditions, the need for this Selected Reserve variant on the IRR draft is not clear. The Army National Guard and Army Reserve are increasing their strengths rapidly, and it appears that they will be able to achieve the higher strength targets approved for FY 1987. Deficiencies in equipment and training are far more serious readiness obstacles for these two components than manpower shortages. The Selected Reserve components of the other Services are having no difficulty in achieving their planned strengths. This picture could, of course, change in the future. If the Selected Reserve again experienced serious manning problems, a draft could be one of several options that might be pursued.

Option 6: Universal Military Training (UMT)

Under a system of universal military training, all young males -- and perhaps females as well -- would receive military training of three to four months. They would then graduate to a manpower pool and be eligible for military service in time of national emergency. Such an option is, in effect, a universal version of the limited IRR draft discussed in Option 5.

The aims of UMT obviously transcend the need to provide an adequate pool of pre-trained manpower for mobilization. UMT, even if limited to males, would add over 1 million persons per year to the pre-trained manpower pool and would eventually result in an IRR pool of about 5 million people. The shortage in combat-skilled enlisted personnel in the Army IRR projected for FY 1988 is only about 240,000.

The purposes of UMT, beyond providing trained manpower for the IRR, would be to:

- o Instill in the youth of the nation a sense of patriotism, discipline and civic responsibility.
- o Create a pool of people who could assist in civil defense in case of a nuclear attack or respond to natural disasters in time of peace.

UMT would be most efficient if conducted on a year-round basis, taking young people at approximately 19 years of age. Persons would be permitted to enlist in the Active Force or the Selected Reserve at a younger age. They would not be drafted for UMT if they were committed to future service through ROTC or through enlistment in a delayed entry program.

UMT is assumed to be conducted alongside all-volunteer active and reserve forces. It is assumed that both active and reserve forces would have competitive pay levels and vigorous recruiting programs. The effect of UMT on Active Force recruiting is unknown. UMT might stimulate recruiting by exposing each youth cohort to military service; on the other hand, it would permit nearly everyone to receive military training without taking on any additional commitment for active duty service. The two effects might offset each other. The effects on Selected Reserve recruiting would probably be positive: having undergone the rigors of military training, many graduates of UMT would be inclined to take advantage of the benefits of part-time military service.

The estimated potential input to UMT in FY 1983 would include 1.25 million males and about 1.5 million females if women were included in the draft.^{1/} The induction and training costs for males alone would

^{1/} Calculated by beginning with the population of 4 million males and females in a year group, applying an eligibility rate of 80 percent, and subtracting active and reserve enlistments. The number of female eligibles is larger because enlistments are predominantly male.

be about \$11 billion per year; they would be about \$23 billion for males and females combined. Beyond the operational costs of training, there would be the need for at least a fourfold expansion in training facilities, since the number of people receiving entry-level military training in a male-only UMT would be four times greater than the current training load. As many as twenty new, year-round training installations would be needed, requiring an investment of several billion dollars. Unless other sources for personnel to conduct the training were found, over 100,000 military personnel would be absorbed in the training and administrative aspects of UMT. Most of these would be career military personnel -- a group that is vital to maintaining the readiness of military units of the Active Force. It would be necessary to expand the Active Force and provide additional reenlistment incentives to replace career personnel assigned to the UMT mission.

In summary, UMT would impose large costs and divert large amounts of scarce Active Force manpower from primary missions. The military benefits of UMT do not match the dollar and manpower costs needed to operate the program.

CONCLUSIONS ON DRAFT OPTIONS

Although the Task Force heartily endorses the continuation of the AVF and believes that it can be sustained in the foreseeable future if properly supported, events may force the nation at some point to return to peacetime conscription. This survey of six prototype drafts was conducted to stimulate thinking about the kind of draft that would be suitable. Obviously, much more intensive analysis would be needed before choosing an option -- and time is available for such a careful review.

Some preliminary conclusions can be drawn about which of the six options appear to rate priority consideration to solve specific manning shortages that might arise and that could not be dealt with except through the use of conscription. If a draft should be needed to overcome a relatively small recruiting shortfall -- for example, 10,000 accessions a

year for the Active Arm) -- Option 1 (Minimal Active Force Draft) would appear to be the best choice. It could be used to supplement vigorous AVF recruiting without completely destroying the structure that has been built over the past 10 years to encourage voluntary service, and it would do less damage to the career force than a larger draft. As has been previously emphasized, however, such a small recruiting shortfall could be made up without a draft by the judicious use of enlistment incentives. A larger recruiting shortfall -- for example, an Active Force shortfall of 80,000 accessions accompanied by recruiting shortfalls in the reserve components -- would favor consideration of Option 2. Option 5 might be appropriate for consideration if a persistent shortage should develop in the IRR, the Selected Reserve, or both. If conditions required a draft to satisfy both Active Force and Selected Reserve manpower shortages, it might be appropriate to begin first with a draft for the Selected Reserve.

OPTIONS FOR NATIONAL SERVICE

The concept of "national service" goes well beyond the options for a military draft. The various forms of national service that have been proposed would require, or encourage, young people who do not enter military service to perform some type of non-military public service with nominal compensation. The concept is promoted chiefly for its perceived non-military benefits:

- o To satisfy social needs that would not be met otherwise.
- o To provide young people a valuable learning experience.
- o To imbue the youth of the nation with a greater sense of public obligation.

If one accepts the value of these benefits, national service is conceptually attractive. However, there are serious questions about the validity of the benefits and the feasibility of the proposals. For example, do enough social needs of the right type exist to absorb in-

experienced young people in large numbers? What kind of administrative apparatus would be needed to operate such a program? Would the costs be consistent with overall national priorities?

Four prototypes of national service are discussed briefly below. The first two would operate in conjunction with a military draft. The second two presuppose continuation of the All-Volunteer Force.

Universal National Service

This concept proposes requiring military or civilian service of all young men and women; a lottery-based draft would produce the required number of accessions if too few people opted for military service. One objective is to "legitimize" the draft by requiring all to serve in some capacity. There would be about 5.5 million participants in non-military service each year if the term of service was two years. These sheer numbers are the sources of the principal doubts about the proposal. The cost would be about \$40 billion a year, and it has not been shown that there are five million worthwhile jobs that could be filled without displacement of current jobholders.

National Service Linked to Prospective Draft

This concept, which was raised in Congress in 1974 and again in 1979, would use the risk of military induction to persuade young people to elect alternative civilian service. Men who did not sign up for either military service (two years active or six years reserve) or one year of civilian public service would be subject to six years of exposure to a lottery draft. There are two main drawbacks. First, the drawing power of civilian service would be unstable because it would be sensitive to the probability of being drafted and to international conditions. This would make it very difficult to plan and administer the program in a rational way. Second, and more important, the effort to gain equity vis-a-vis the draft through alternative service would be vitiated by the shorter term of civilian service and, in wartime, the avoidance of personal hazard for those who had previously chosen civilian service.

Broad-Based Voluntary National Service

This proposal would seek to achieve the same objectives as universal national service, but through voluntary means. The assumption is that the All-Volunteer Force would continue and that young people who did not volunteer for military service would voluntarily perform some type of public service. Since there is no way to project participation rates, there is a great deal of uncertainty about the ultimate effects of the program. The drawbacks of the concept are much the same as for universal national service, although costs would probably be considerably lower.

Benefit-Conditional National Service

This proposal would impose a requirement to perform six months of civilian national service as a precondition to receiving federal financial assistance for post-secondary education. A young person who needed financial assistance could get it either through a GI Bill after two years of military service or by performing the prescribed civilian service. The chief drawback is that such a requirement tends to put the obligation of service, military or civilian, only on those in the lower economic brackets who are most dependent on educational assistance.

Evaluation of National Service Options

The Task Force is sympathetic to the intent of proponents of these national service options and strongly believes that citizens should be encouraged to volunteer for public service in a military, governmental or private capacity. However, the very high probable costs of some of the national service programs, and the predictable administrative tangles that would accompany any of them, would count heavily against serious consideration of any of the options. In addition, the premises of the various proposals are far too unclear to conduct sound analysis directed toward a choice among them.

The merits of the civilian-service side of these proposals fall outside the mandate of the Task Force, which is to find the best means to sustain the required military force. The Task Force, therefore, looked at national service options primarily in the light of their probable effects on recruiting and retention. The two options associated with a draft do little toward manning the force that the draft could not do alone. The two options associated with voluntary military service do not appear to offer much help to military recruiting. In fact, the broad-based voluntary proposal would introduce greater competition for eligible recruits. On balance, the Task Force is not impressed by the potential of any national service option as an aid to manning a capable military force.