

Ronald Reagan Presidential Library  
Digital Library Collections

---

This is a PDF of a folder from our textual collections.

---

**Collection:** Hauser, Richard A.: Files  
**Folder Title:** Military Manpower Task Force –  
Transcripts from General Turnage (6)  
**Box:** OA 10254

---

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library Inventories, visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: **reagan.library@nara.gov**

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>

*Last Updated: 12/12/2023*

ORIGINAL  
Transcript of Proceedings

DEPARTMENT OF DEFENSE

MILITARY MANPOWER TASK FORCE BRIEFING

BY DR. KORB

Washington, D. C.

March 10, 1982

**Acme Reporting Company**

*Official Reporters*

1411 K Street, N.W.

Washington, D. C. 20005

(202) 628-4888

1 DEPARTMENT OF DEFENSE  
2 MILITARY MANPOWER TASK FORCE BRIEFING  
3 BY DR. KORB  
4  
5

6 Wednesday,  
7 March 10, 1982

8 Washington, D.C.  
9

10 APPEARANCES:

- 11 MR. MEESE, <sup>ACTG</sup> Chairman  
12 MR. WEIDENBAUM  
13 MR. BANDOW <sup>OPD</sup>  
14 MR. LEHMAN  
15 MR. ORR  
16 MR. TURNAGE  
17 GEN. JONES  
18 MR. MARSH  
19 MR. McFRALANE <sup>NSC</sup>  
20 MR SCHNEIDER <sup>OMB</sup>  
21 DR. KORB, Speaker <sup>4050 Rep.</sup>  
22  
23  
24  
25

P R O C E E D I N G S

4:00 p.m.

1  
2  
3 MR. MEESE: Cap was unable to be here and asked me  
4 to chair the meeting today, so we will turn to our agenda.  
5 Tom, what is the first item that we'll take up?

6 MR. TURNAGE: It's nothing parochial, but it's draft  
7 registration.

8 MR. MEESE: All right, let's discuss it and Tom why  
9 don't you bring up the issues. Or who do you want to have?

10 MR. TURNAGE: Dr. Korb has the list here and he'll  
11 be doing it.

12 DR. KORB: These will be the topics we'll be dis-  
13 cussing today. The first one is draft registration compliance.  
14 A quick review of the people registered on time and then as  
15 we pointed out many times, it increases as we go along, and  
16 here is the estimate, 927,000 have not registered as of the  
17 23rd of last month. So there is the issue of compliance.  
18 And the task force has asked us to recommend some options for  
19 dealing with the situation.

20 Now the options basically are the status quo which is  
21 a modest level of publicity which is proposed in the '82  
22 supplemental. We have increased publicity which would add more  
23 public service announcements, mass mailings, posters, bumper  
24 stickers. And we begin, if you will to go active. Identify  
25 the non-registrants through the federal data sources which are

1 Social Security, IRS. Non-federal data sources, commercial,  
2 state and local government lists that we could use. And then  
3 the fourth option which has been suggested by many people  
4 inside and out of the government is to withhold federal  
5 benefits of those who do not register for the draft.

6 If a person applies for a student loan --

7 MR. MEESE: Do you have the power to do that under  
8 law?

9 DR. KORB: No we don't. We'll show you that here.

10 Here is the analysis of the compliance options and  
11 we've broken them down by cost. Increasing the publicity  
12 would cost you about \$700,000.

13 MR. MEESE: How does that --

14 DR. KORB: What you would do is you spend more money  
15 advertising, mass mailings, ads on TV. If you went through  
16 using the federal data it would cost you about another  
17 \$900,000. And non-federal data over a million. We don't  
18 know about the withholding federal benefits, exactly how that  
19 would work.

20 To give you an estimate of the compliance rates, this  
21 is the highest where you go through the federal data. This  
22 is the best data source for finding and identifying people.  
23 No legislation is required except if you withhold federal  
24 benefits, then you would require legislation. The administra-  
25 tive feasibility, the first three are pretty high. When you

1 get down in here you have some problems with administration.  
2 And then of course we also put down public acceptance.

3 These two obviously would be pretty high. Federal  
4 data would be medium. And you might, if you began to withhold  
5 federal benefits, you might have some problems from the  
6 federal government. Obviously these are just estimates of what  
7 would be involved.

8 Now the recommendations from Selective Service is  
9 at the present time increased publicity and begin to use the  
10 federal data sources. If this option is accepted, it would  
11 require about \$1.6 million to the Selective Service budget for  
12 fiscal 83 and our recommendation is to try these and then  
13 hold option four in abeyance until we see how these others  
14 would work.

15 Any questions or comments or observations on this?

16 MR. ORR: I have one question to ask as a possibility.  
17 Would it be possible to get a law, would it be advisable to  
18 seek a law that should there be a draft, any person who had  
19 not registered timely would be first to be called?

20 MR. TURNAGE: I understand they tried that once  
21 before and it didn't work. I think that Justice had some  
22 problems with that also. However, there are a number of  
23 indicators that what's going or what is recommended here may  
24 be very beneficial.

25 I'd like if I may, Mr. Meese, to add a couple of

1 updates to what you saw here in the initial slide.

2 As you know, on the 28th of February, at the end of  
3 the so-called grace period, and I can tell you as of day before  
4 yesterday we had almost two tons of mail arrive in Chicago.  
5 And in the last three days, as of the time I came over here,  
6 we had counted 291,000 new registration forms that had come in.  
7 We think we're going to get 350,000 out of it. If you would  
8 put on that first slide, please. As opposed to the compliance  
9 figure you saw, with the 291,000 receipts, we noticed across  
10 the board percentage of compliance in the last five years runs  
11 now over 91 percent.

12 Now this is as of the actual receipts that have  
13 been counted. We think we have something like 325, 350,000 in  
14 hand. The ballots have not been counted, and that would give  
15 us these kinds of compliance figures. Something like 92  
16 percent, and we obviously, while we know that we've had the  
17 major influx from it, we still expect some residual to come in  
18 based on the actions that have been taken in the field.

19 The third thing is a graphic representation of how  
20 this compares to the kind of input that we've had for the  
21 preceding, last year, showing the number that have registered  
22 by time frame. And we expect that with the, in the last bar  
23 on the right shows 291,000 have actually been counted this week,  
24 plus the balance. We think there would be 350,000 of what we  
25 have on hand. And then we expect, an ultimate estimate would

1 be something like 400,000 of those. That is going to have a  
2 big impact on where we stand right now.

3 Now if in the past what we found is we've had no  
4 active compliance program. It has been announced by Mr. Meese  
5 first, and secondly, by the Attorney General, that we are  
6 going to actively pursue the people who haven't in fact  
7 registered. We noticed in the past where they had a so-called  
8 passive program which consisted of nothing excepting having  
9 one individual write in that my neighbor's son has not  
10 registered, will you do something about it. Or the individual  
11 who writes to Selective Service and says I'm not going to  
12 register. Of those, once we got those names, we turned around  
13 and sent letters out and fingered them and said these are the  
14 actions we intend to take unless you register, about half of  
15 those in turn then registered.

16 And every time we find that we can really pinpoint  
17 an individual's failure to do so, we get a good response. So  
18 inherent in the program that is suggested here, and we have  
19 made a number of inquiries with other agencies to determine  
20 what kind of computer matching had been going on, and there  
21 has been substantial, if we are able to use the computer  
22 matching which has been authorized by the Congress with our  
23 registrant lists, and then follow-up with letters to those  
24 who haven't registered, we have a real, or what we think a  
25 credible estimate of something between 95 and 98 percent of



1 registration.

2 MR. WEIDENBAUM: When you show more than 100  
3 percent, is that just a shortcoming of the data base?

4 MR. TURNAGE: What happens, Murray, is we take the  
5 number of people that we estimate have turned 18 within this  
6 period of time. And once again, it's from the total popula-  
7 tion of the estimates from census data. So sometimes you  
8 end up, well, in some years you end up with over 100 percent.  
9 If you recall the meeting, we reflected that and we know  
10 that's wrong. But the ultimate figures are estimates in any  
11 event. So we know that, like two weeks ago or ten days ago  
12 we had 115 percent estimate. It's down to 104 now. It's  
13 going to be something less than that, but we're happy with  
14 that.

15 DR. KORB: A couple of good years like that we  
16 could --

17 MR. MARSH: What about the possibilities of looking  
18 at penalties under the statute? That statute is awfully  
19 strict. The U.S. Attorney has no flexibility once he starts  
20 the prosecution. It's an either-or situation. Either turn  
21 them loose or don't go after them. I think if you amended  
22 that statute it would give them a little more flexibility.  
23 It would be easier to enforce.

24 DR. KORB: You mean the five and ten provision?

25 MR. MARSH: If you've got to throw the book at the

1 kid, you know, charge him with a felony for his failure to  
2 complete an administrative requirement, if you had a little  
3 more flexibility in your law where somebody that makes up their  
4 mind that they're absolutely not going to do it, then you can  
5 go after them. But a lot of these kids, one, they don't find  
6 it out or they don't take it seriously. Like Tom said, you  
7 bring it to their attention and then they register.

8 DR. KORB: There is no penalty, as I understand it,  
9 if you tell them and they register.

10 MR. MARSH: That's what they're doing now. But the  
11 U.S. Attorney doesn't have any flexibility. If he is going to  
12 get them he has to go after them with a felony charge. I  
13 think that's awfully harsh.

14 MR. TURNAGE: We would make the recommendation and  
15 buy the idea that if we had the continued felony on a post-  
16 mortification basis during that period, that makes sense to us.  
17 But something less now would also be, well it would make  
18 sense to us. But one that was put in, a Congressman who said  
19 it was a \$200 fine, that doesn't make sense. That's about as  
20 bad as speeding.

21 MR. LEHMAN: How about a \$10,000 fine?

22 MR. TURNAGE: Or something up to.

23 MR. MEESE: That's what the fine is now. It's up  
24 to \$10,000 and up to five years, but the maximums are two or  
25 three.

1 MR. MARSH: It's a felony.

2 DR. KORB: You're saying, Jack, you want to drop it  
3 from a felony?

4 MR. MARSH: It could be a felony, but you have cer-  
5 tain stages before you move it into a felony. I just think  
6 you need some flexibility with the U.S. Attorney.

7 MR. LEHMAN: If you treated it like having a  
8 drivers' license, you don't have to go into any great enforce-  
9 ment, law enforcement exercise. If you're caught and you  
10 don't have it you're subject to a fine. That's like driving  
11 without a drivers' license.

12 MR. ORR: My personal view would be to support 3A  
13 and skip 2 in the sense that I wouldn't go for advertising.  
14 I think if you start to do 3A the newspapers will do your  
15 advertising for you, and I don't think you need to pay  
16 television to do it. I would opt for that and I would also  
17 strongly opt in some way that you get the 92 percent figure.  
18 The last few stories I've seen have been horror stories that  
19 we've been running less than two-thirds. I don't think the  
20 public knows it's 90 plus percent.

21 MR. TURNAGE: It's as current as an hour ago, so we  
22 intend to do that. I think this opts well for the system --  
23 it's been done already. What we're really saying though, in  
24 the case of the increased publicity we're talking like some-  
25 thing like half a million dollars, and that is all public

1 service advertising, but you have to have the vehicle for it  
2 to be shown for free.

3 MR. MEESE: I don't think we need to get into money  
4 for advertising.

5 How many people do you have, Tom, in Selective  
6 Service? What is your budget now?

7 MR. TURNAGE: \$20 million if we get the supplemental.

8 MR. MEESE: How many people?

9 MR. TURNAGE: About 230.

10 MR. MEESE: Are they headquartered around the country  
11 or are they all here?

12 MR. TURNAGE: We have six regions where a number of  
13 them are and then we have 85 people who are in the data center  
14 that simply run the statistical operation in Chicago, and the  
15 balance of them are here.

16 MR. MEESE: Do you have people with the capabilities  
17 of doing computer scans?

18 MR. TURNAGE: Yes Sir, we've already checked with the  
19 Social Security Agency. We've checked with IRS for addresses.  
20 These people are anxious to help us. We need the go-ahead.

21 MR. MEESE: What do you need the 900K for?

22 MR. TURNAGE: That's the cost of paying Social  
23 Security to assist us and the computer matching requirement  
24 and also IRS for the manipulation of it.

25 DR. PUSCHECK: Also quite a bit of it for postage.

1 MR. TURNAGE: Once we determine who they are then  
2 we have to pay the regular postage fee.

3 MR. MEESE: Do they have to put extra people on  
4 Social Security and IRS to get this?

5 MR. TURNAGE: That's not our impression.

6 MR. MEESE: We would be able to do that out of  
7 existing resources.

8 MR. ORR: They may be charging a flat fee for compu-  
9 ter time.

10 MR. MEESE: Wouldn't they be using their computer  
11 time anyway for something?

12 MR. TURNAGE: We think the post office has the same  
13 kind of deal, but they charge us for it.

14 DR. KORB: You use some of our facilites.

15 MR TURNAGE: Yes Sir.

16 MR. BANDOW: Does the \$900,000 include any cost of  
17 actual prosecution?

18 MR. TURNAGE: No, that doesn't come within our  
19 realm. In fact that's the Department of Justice.

20 DR. KORB: None of these figures include prosecution.

21 MR. BANDOW: Given the increase in compliance that  
22 you've described, I wonder if there is some value in holding  
23 off on the enhanced identification until we have a firmer fixed  
24 picture as to what we think the compliance rate will be.

25 It looks like it's moving upward quite steadily. Should we

1 move to that immediately or give it more time to see what the  
2 final figure comes out to be?

3 MR. TURNAGE: I'm not negative, but the only thing  
4 I can expect is that it will start to diminish. What we're  
5 taking advantage of now is the present announcement, the grace  
6 period and all the free publicity we got as a result of this.  
7 Based on what happened preceding this in the last year, for  
8 example during the first three months of last year when it  
9 was rumored that we would, and as a matter of fact U.S. News  
10 and World Report came out and said the odds were 50-50 that  
11 registration won't be continued, and we had similar type things  
12 happen. As opposed to the 800,000 which existed the end of  
13 September of 1981, it went up to substantially over a million  
14 because people, you know, weren't paying any attention. So  
15 it seems to me that if in fact you reach a point where you  
16 don't need that option, it's something that could be dropped  
17 based on the option available to the director or anyone else.

18 The fact is though, I think while we have the  
19 initiative here we should get on with it. We should run the  
20 program effectively and fairly and equitably or not run it.

21 MR. MEESE: Which is your better source of data?  
22 IRS or Social Security?

23 MR. TURNAGE: We use the Social Security for the  
24 name match, and the IRS for the latest addresses. I can also  
25 suggest that it was our understanding after a contact with

1 Lowell Jensen today, that they were sending a letter over  
2 endorsing the idea of using the Social Security match for  
3 identification purposes.

4 MR. MEESE: Suppose we did this. Suppose we started  
5 by recommendation by the President to get a recommendation to  
6 change the law to provide a penalty for failure to register  
7 during a period in which the draft was not being utilized, up  
8 to one year in jail or up to a \$5000 fine. I think that's what  
9 a misdemeanor is, is it not? And then at the same time go  
10 ahead with a computer run, a computer match, but do it on kind  
11 of a pilot basis within existing resources so we don't need to  
12 get any more money going through this, but announce that you're  
13 going to do it. You don't have to say how many you're going  
14 to do. Just say you've begun a program of Social Security  
15 and IRS matches which is kind of like buying the radar signs  
16 before you can afford the radar, and then go ahead on that.

17 And rather than going into trying to get more money  
18 at this point, but within existing resource, you can at least  
19 start the thing, can you not?

20 MR. TURNAGE: Indeed.

21 MR. MEESE: I think changing the law, I don't think  
22 is going to be too much of a problem in Congress, but if we  
23 go in there with a money deal we get into a whole different  
24 type of thing.

25 MR. TURNAGE: We'll do it, and we can start, or even

1 if we started now there's a time lag. So we can start with  
2 the identification of computer match and so forth, but then  
3 the initiative for the change in the law would start here.

4 MR. MEESE: We would run that through the Cabinet  
5 Council as a means of getting started, or NSC or one of the  
6 two and get the President's approval on it.

7 How does this strike people as a way to proceed?

8 MR. ORR: Particularly if we can get a lot of good  
9 publicity and a picture shot of going to the mailbox with the  
10 first letters that you've trapped out of the system.

11 MR. MEESE: You start out with a law change and the  
12 whole business of the law change will get a lot of publicity.  
13 And you take the two together and talk about a package.

14 MR. TURNAGE: I understood you, and absolutely we will  
15 pursue that. And I like the decision excepting there is one  
16 point that seems to me should be clarified.

17 The additional cost for the computer matches with  
18 Social Security and IRS, that's beyond our control. And  
19 secondly, the idea of the conditional postal cost for the  
20 future and sending the letters out to those who identify as  
21 not having registered, is additional cost. So for now, in this  
22 fiscal year there is no problem. We will change <sup>PRIORITIES</sup> ~~parties~~ and  
23 take it out of <sup>OUR</sup> ~~their~~ hide. But in the future I think they're  
24 going to talk about some bucks in addition to supporting the  
25 program.



1 MR. MEESE: I think that's going to be necessary,  
2 but at least we would have the start here and then we could  
3 see what our experience tells us about what is necessary.  
4 And I think we can get IRS and Social Security to waive any  
5 charges for their patriotic duty.

6 MR. SCHNEIDER: We can get a lot of mileage out of  
7 the pilot nature of the project. You don't have to run up a  
8 big postage bill because we'll be sending out a small number.  
9 It won't be publicized as to how it will be done, and well,  
10 IRS does this all the time, and it terrorizes the taxpayer,  
11 even though the program is not otherwise widely enforced.

12 MR. TURNAGE: We're trying to change our image, but  
13 we don't want to terrorize anybody. We just want compliance.  
14 So fine, thank you.

15 MR. MEESE: Any other comments on this?

16 (No response)

17 MR. MEESE: There's agreement? Okay, fine.

18 We'll take the next item which is characteristics  
19 of Armed Forces personnel.

20 DR. KORB: You may remember that the task force asked  
21 for papers on the characteristics because the volunteer force  
22 has been criticized as being unrepresentative of the nation as  
23 a whole. What we have done, is to talk about it in terms of  
24 education, scores on the AFQT comparative of socio-economic  
25 status, and the population as a whole and also the ratio

1 characteristics. It compares education attainment of our  
2 military personnel to the civilian population at large, and  
3 we've broken it down into the civilians and the non-labor  
4 force and the labor force, would be most comparable to people  
5 in the labor force. And if you take a look you will see we  
6 are slightly below in college education but in terms of high  
7 school graduates we're way ahead. Much lower in terms of non-  
8 high school graduates.

9 In terms of educational attainment we're a little  
10 bit shy at the top but these stack up reasonably well over  
11 all.

12 MR. MEESE: That's interesting. So you're twice as  
13 good in terms of high school graduation.

14 DR. KORB: That's correct. Remember now, we have  
15 restrictions. We can't take non-high school graduates, there  
16 are limits on how many we can take. And also a combination  
17 of the mental categories. This of course includes our career  
18 force.

19 Now that's the educational attainment. Now we take  
20 a look at the percent of high school graduates in the force  
21 overall. This is for last year, accessions just coming in.  
22 Most of them go on and get high school diplomas. And the key  
23 figure here, we had more high school graduates, about seven  
24 percent more, and much higher, females slightly higher than  
25 males. Now the key thing here, this is listed accessions

1 compared to the youth population as a whole, some 30 or 40  
2 percent who go on to college. This does not include our  
3 officers.

4 If it included our officers we would be higher in the  
5 percentage of high school graduates.

6 Now we'll take a look at the AFQT scores. If you  
7 followed the paper about two weeks ago there was a big to-do  
8 about this because we went out and compared how our people do  
9 with the population at large. And the AFQT, we've gone over  
10 this a couple of times, we have the five mental categories.  
11 You can't take anybody in the lowest, the fifth mental  
12 category. The fourth mental category, we're limited as to how  
13 many we can take by Congress. One through 3A is considered  
14 above average because that's the 50th percentile of the  
15 population and above. Overall we compare to the youth popula-  
16 tion, we are slightly above the youth population. And again  
17 remember this is our enlisted people compared to the population  
18 as a whole for fiscal '81.

19 Breakdown by service, the Air Force is the highest  
20 and the Army is the lowest. And I think it's important to  
21 keep that Army figure in mind because when we talk about  
22 educational benefits, we'll talk about how the benefits, some  
23 people argue ought to be skewed in this direction because of  
24 the AFQT scores of the people in the Army. But again, it got a  
25 lot of publicity the last time. The youth population survey,

1 we went out and tested the youth population to see how they  
2 would do now on the AFQT because we were still using as a  
3 norming device the WW II population. People in the Armed  
4 Forces as of December 1944. And an interesting statistic, in  
5 1944 by definition we had ten percent of the people in mental  
6 category five.

7 So in compared to the overall, we're doing very well.  
8 The Army is below, all the other services are above in terms of  
9 above average people.

10 MR. MEESE: What is the target for the Army? What  
11 is the limitation on the Army?

12 DR. KORB: The limitation in category four is 25  
13 percent. We split category 3. If we take all of category 3,  
14 then the Army is about the same as the general population.  
15 But category 3 runs down to the 30th percentile, so we split  
16 it because we're looking for the 50th percentile and above as  
17 the average population.

18 MR. MEESE: But I guess you're working on getting that  
19 31 percent down?

20 MR. MARSH: It has to be less than 25 percent this  
21 year, and it's running well below 25 percent.

22 DR. KORB: They have 18 percent right now.

23 MR. MEESE: Well this is '81, so you're in better  
24 shape now for '82.

25 DR. KORB: In '80 they had 50 percent. And '81 is

1 31 percent.

2 Now this takes a look at it in terms of education  
3 and occupation of the people and the expectations of the  
4 people that we have. And this compares males in the Armed  
5 Forces and the civilian population. And it does it both for  
6 DOD and breaks it out by the Army. And the reason that we do  
7 that is a lot of people who have criticized it will focus on  
8 the Army. In fact sometimes you'll hear the term all  
9 volunteer Army instead of all volunteer military. And as you  
10 take a look at this particular chart, I think the thing that  
11 is most startling, if you take a look at the educational  
12 expectations of the people that we have in in terms of what  
13 they want to get for themselves, not exactly what they have,  
14 they are quite high.

15 46 percent want to go on, some 16 years or more of  
16 education which means college. And compared to the full time  
17 employee and the population at large, to do well. So they are  
18 people with high aspirations, and these stack up reasonably  
19 well in terms of the education and occupation levels.

20 Of course the subject that receives a lot of  
21 attention is the percentage of blacks in the Armed Forces.  
22 Overall we have 19 percent. 22 percent enlisted, five percent  
23 in officers. The Army has the largest percentage and the Navy  
24 has the smallest percentage of blacks in the Armed Forces.

25 If we were perfectly representative we would have

1 14 percent in the Armed Forces.

2 Now here are the trends. You may have seen the Jack  
3 Anderson article that came out a couple of weeks ago with  
4 Parade magazine. He said that by 1983 we were going to have  
5 43 percent blacks. In some of the earlier data you can see  
6 that it's leveled off and in fact it's gone down slightly in  
7 terms of the percentage of people that we have,  
8 and the Army has also leveled off in the last two years.

9 Now I might point out one thing that doesn't come  
10 out in the paper, and a lot of people forget when they talk  
11 about this particular subject, it is not only the enlistment  
12 rate of blacks that keys the total number in the force, it's  
13 the re-enlistment rates. The re-enlistment rates, we're about  
14 20 percent higher than whites.

15 MR. LEHMAN: Do you have a breakdown by combat  
16 arms?

17 MR. GREENBERG: As far as representation in combat  
18 skill, in Army they are perfectly in balance with the  
19 representation in the Army. In other words, you can see  
20 there that approximately 33 percent of Army enlisted personnel  
21 are black. 33 percent in ground combat are black. We checked  
22 by units and they fluctuate, blacks in combat units down at the  
23 battalion/brigade level, will fluctuate somewhere between 25  
24 to a high of 40 percent.

25 In the Marine Corps where the percentage of black

1 enlisted men is about 25, 26 percent, the representation of  
2 Marine Corps blacks is slightly higher in ground combat MOS's  
3 than their representation in the Marine Corps as a whole. But  
4 in the Army, either by accident or by design, the representa-  
5 tion in combat MOS's is equivalent to their representation in  
6 the Army itself.

7 DR. KORB: I guess the purpose of that is to show  
8 that the volunteer force compares reasonably well with the  
9 population as a whole using those characteristics.

10 MR. MEESE: The population is 14 percent?

11 DR. KORB: The black population, yes. Okay, yes.

12 Okay, now we want to move on to the subject of  
13 educational benefits. This is the program that the Department  
14 of Defense has now. Veterans Educational Assistance program,  
15 all the services have a program, it's a two for one matching.  
16 It gives a youngster \$8,100; \$5,400 is his own money. We have  
17 a kicker system where the Army is asked for permission. The  
18 Secretary has granted permission to give this kicker to the  
19 basic benefit. The maximum is \$12,000. So a person, about  
20 25,000 people in the Army are eligible for up to \$20,000 in  
21 educational benefits.

22 These programs are funded in the '83 budget and the  
23 Secretary has just made a decision to continue those programs  
24 at least through 1983.

25 Now that fact that is affecting the Secretary's

1 decision, the analysis essentially shows that educational  
2 benefits can increase the number of high quality recruits, but  
3 the Army is the only service which currently needs the help and  
4 it goes back to that figure we showed before. The current  
5 VEAP program with kickers for the Army takes care of our  
6 recruiting needs for now. The Secretary has the authority to  
7 extend to the other services as needed. An expanded education  
8 program would likely hurt retention in the future and we  
9 cannot justify in the Defense budget the additional cost of  
10 a broader educational benefits program.

11 Let's take a look at the cost now. This is the cost  
12 of the present program. VEAP for all services within Army,  
13 kicker --

14 MR. MEESE: Do we have that now?

15 DR. KORB: That's correct.

16 The Army has come in for the additional funds and  
17 put them in their budget. And we had an educational benefits  
18 working group in the Pentagon that was working on this to make  
19 a recommendation to the Secretary for 1983, and they had a  
20 system where it would be a basic benefit of about \$8,000 for  
21 everybody that came into the service. They added certain  
22 features, transferability to one's dependents. Second tier,  
23 which means it would go up if you re-enlisted once. Trans-  
24 ferability and second tier so it went from \$600 million to  
25 a billion dollars. This is with no Army kicker in here. That



1 is the same for everybody, no competitive advantage to the  
2 Army.

3 And the bill before Congress now which has, it seems  
4 to have the most likely chance of passing, is the Montgomery  
5 Bill which is about a billion and a half dollars on an annual  
6 accrued basis.

7 Okay, let me stop there. Does anybody have any  
8 comments on education?

9 MR. MARSH: Yes, I do. Of course you have worked  
10 very hard in reference to educational benefits and we're very  
11 grateful to you. Both the Chief of Staff and myself have  
12 been on record in favor of the GI Bill. In fact some others in  
13 the building have been in favor of the GI Bill.

14 The Army feels strong enough about that that one, what  
15 we would like to see is defense funding through the VA, and if  
16 not through the VA through Defense. We would like to leave  
17 the door open even if we had to eat it ourselves to have some  
18 form of a GI Bill in the Army. We believe on the long haul  
19 the recruiting and the college-bound youngsters, that a  
20 GI Bill as originally envisioned is the way we've got to go.

21 Although we can take it with a kicker and I think you  
22 structured the tailoring on it, 23, 25,000 individuals I believe  
23 special skills in the Army, E-8s and above. We would like to  
24 leave the door open on even a service type funding of the GI  
25 Bill, if the Army had to eat the whole thing.

1           Now I recognize the Defense Department goes with the  
2 VEAP with the kicker, but in this <sup>FORUM</sup> ~~form~~ I raise the issue, and  
3 you've addressed it many times, because we think that on the  
4 long haul, this will give us the kind of quality force that  
5 we need.

6           DR. KORB: OMB wrote us a letter telling us to stay  
7 with this program. The VEAP with a kicker.

8           MR. ORR: I'd like to speak from our service stand-  
9 point. I think the Army needs this kind of help and so long  
10 as it's a VEAP, a kicker, or a super kick or whatever they  
11 want to call it, it doesn't bother us. But very frankly, if  
12 we went to something quote, called a "GI Bill", it would  
13 bother us very greatly. It would have to be service wide  
14 because it has a whole tradition of being service wide, and our  
15 people are, every place I go it's "When are we going to get  
16 the GI Bill?" They don't worry about the present kicker or  
17 VEAP or anything, but if we had something that was known  
18 throughout as the GI Bill, we would be in deep problems.

19           The difficulty is we don't have the slightest need  
20 for the basic benefit. We don't have any trouble in recruiting  
21 and it would be money wasted to have a basic benefit. The  
22 thing we really need is a second tier. We have trouble with  
23 retention. We need something that says if you'll stay in  
24 another four years you can have a higher kicker, so our needs  
25 are different possibly from the Army's, and that's a problem

1 that we're going to have to ultimately solve. Even if it's  
2 funded within the service, I think we'd be forced to fund a  
3 "GI Bill" if that's what yours is.

4 MR. MEESE: How much are we spending on student aid  
5 for higher education?

6 MR. GREENBERG: We have a slide on that.

7 MR. LEHMAN: The Navy and the Marine Corps concur  
8 very closely with the Air Force position, by the way.

9 DR. KORB: This is what you have now. The actual  
10 subsidy for example, for '81, that's gone down in '82. It's  
11 5.9 billion dollars. The face value of course, you give the  
12 person the loan but you're only subsidizing the interest.  
13 This is the actual cost to the Government, this is the face  
14 value and this is what the GI Bill that's in existence now has  
15 been paying.

16 MR. MEESE: That \$12,045, what is that?

17 DR. KORB: That's the face value of the benefits  
18 available. This is the actual subsidy.

19 MR. MEESE: Per student?

20 DR. KORB: No. That's 12.4 billion. '82 is down  
21 to 4.2 and then down to 3.8.

22 MR. MEESE: That would be the cost of the GI Bill  
23 you're proposing?

24 DR. KORB: No, this is what the Department of  
25 Education spent. This is what the GI bill is in existence

1 right now spends. We are spending \$245 million a year on our  
2 educational benefits.

3 The GI Bill went out of existence in '76. These  
4 are people who through Vietman were eligible for it and  
5 that's why it diminishes.

6 MR. MEESE: And your program --

7 DR. KORB: Put that last slide back up.

8 This is on an accrual basis now, that you would have  
9 to fund now so you wouldn't put an extra burden on it later.

10 MR. ORR: Tell us again what that face value meant  
11 to an individual. What does that mean to an individual  
12 compared to a government subsidy?

13 Does it mean what he would be entitled to if he took  
14 his whole four years?

15 DR. KORB: No. What it means is, if you get a loan  
16 from the government, you have to pay back that loan. The cost  
17 to the government is the difference between what you pay  
18 back and what you have to pay the going interest rate. For  
19 example, if you borrowed \$10,000 to go to college and it's a  
20 government loan and you're getting it at 6 percent or 10  
21 percent or whatever it is, the cost to the government is the  
22 difference between what they have to pay to borrow it and what  
23 you pay them back.

24 MR. ORR: When you put the government cost, does that  
25 assume 100 percent repayment?

1 DR. KORB: No Sir, it assumes the delinquency rate  
2 involved there.

3 MR. MEESE: Would you put the other slide showing  
4 education -- so it's out of our actual subsidy of say -- wait  
5 a minute. Is that going to be a declining number in future  
6 years until we get to what?

7 MR. SCHNEIDER: Well we're basically getting out of  
8 the business at the rate we're going. It will be a long  
9 period of time.

10 MR. MEESE: So that if we took something like  
11 \$786 million and took it out of that and shifted it --

12 MR. SCHNEIDER: And shifted it out of the civilian  
13 sector? You'd have to be making a deeper cut in the civil  
14 sector in order to do that.

15 MR. MEESE: You wouldn't be making a deeper cut,  
16 you'd be doing it to different people.

17 MR. SCHNEIDER: The actual subsidy is what we were  
18 planning for in the budget. If you wanted to take another  
19 few hundred million off of that and transfer it to the  
20 civilian sector, you would be, or to the military sector, you'd  
21 be taking the civil sector down faster in order to get to  
22 that. Given the lack of warmth, it may be a tough thing to do.  
23 But the basic system seems to be working fairly effectively  
24 and one of the problems with going too heavily into the educa-  
25 tion benefits is while it solves a retention problem or a

1 recruitment problem early, it creates a more serious one later.  
2 Folks want to get the hell out of the service.

3 MR. ORR: Let me make one more point that I think  
4 is interesting. What you are doing now is shifting from that  
5 to the military sector. They are waiting in line for ROTC  
6 slots simply because it's a way to pay their way to college  
7 and they can't get the loan. So we've already gotten quite  
8 a shift.

9 DR. KORB: We have a thing that shows a point that  
10 Bill made. It talks about it increases the recruitment but  
11 it decreases retention because you're giving people an incen-  
12 tive to get out. So you're going to have to increase your  
13 recruiting.

14 MR. LEHMAN: Would it be possible to go to a  
15 Veterans' preference for an HHS program?

16 MR. MEESE: It's an interesting idea.

17 DR. KORB: This is the point you were making, Bill.  
18 Career force size in the long run, a percent change depending  
19 on which one you did.

20 For example the Montgomery Bill which is the most  
21 generous, means you would reduce the career force by 6.2  
22 percent which means you would have to bring in that many more  
23 people. The Army VEAP, for example right now, reduces the  
24 Army by four. It doesn't affect the other services because  
25 they don't have a kicker. And as you get more generous it

1 goes up.

2 MR. MEESE: Is there any way where you could have  
3 them use these things, these benefits, while still in the  
4 service?

5 DR. KORB: They can now.

6 MR. MARSH: It's not generally known, but certain  
7 units in the Guard and the Reserve, there is a GI Bill.  
8 It's \$4000 for an enlistment and they can draw that at a  
9 rate of \$1000 a year and go to college while they're in the  
10 Guard and the Reserves. It's having a big impact. The Guard  
11 Reserve thing --

12 DR. KORB: The Secretary's proposal right now for  
13 '83 is to continue this VEAP and <sup>ULTRA</sup> ~~after~~ VEAP and extend the  
14 limiting on the other bill which was to expire in 1989. So  
15 people won't have any reduction when they get off of active  
16 duty.

17 MR. MEESE: So it will still be there when they get  
18 off?

19 DR. KORB: Yes. You know, the situation where a  
20 fellow would come in in '76, he'd have 13 years in '89.

21 MR. ORR: He gets out in '85 because he wants the  
22 four years.

23 MR. LEHMAN: One of the things we've considered if a  
24 GI Bill comes about, the Montgomery Bill or whatever, to deal  
25 with that would be to go back to the kind of boot strap program

1 we used to have where if a fellow finishes his tour and opts  
2 for the GI Bill benefits, we offer him in effect a two for one  
3 or a one for one year off to take his benefits with pay, but  
4 he owes the government, as we do for doctors. Two years for  
5 each year of school while he's taking the GI Bill benefits.  
6 And I think we would probably go to something like that if a  
7 GI Bill were to come about, to try to cope with retention  
8 problems.

9 MR. MEESE: Would that be an administrative problem  
10 for the services?

11 MR. LEHMAN: No, it could be managed, and again it's  
12 speculation what the impact would be. It would certainly help  
13 to enrich the quality.

14 DR. KORB: Here's the percent change in the high  
15 quality recruits that the various programs would bring in.  
16 Obviously the Montgomery being the most generous would increase  
17 the high qualities in categories one, two, and three. You'd  
18 have an increase there, this is for Army and this is for all  
19 the services, and then as Bill pointed out you would have to  
20 also increase your accession requirements because you drive  
21 people out. You bring in the high quality people and you  
22 expect them to go out and go to college. Then you'd have to,  
23 the accession requirements would increase by nine percent in a  
24 declining market.

25 MR. WEIDENBAUM: As I look at that I'm almost



1 jumping to the conclusion that the military must have a very  
2 short term, immediate recruiting problem which is going to be  
3 solved in the years ahead. So you buy trouble later to deal  
4 with the temporary problem now.

5 DR. KORB: That's what would happen if you adopt  
6 this. This is the program that exists right now, is VEAP  
7 with the Army kickers. The Army is the only service that has  
8 the problem in meeting the Congressionally imposed restraints.  
9 That is the program we have now. We're using that to meet the  
10 problem we have. Remember it was 39 percent in that category.  
11 The other services do not.

12 But if any of these proposals were accepted, what  
13 would happen, as John pointed out, you get more high quality  
14 people in. The Army is the only one not getting it.

15 MR. WEIDENBAUM: We've already had that. In other  
16 words, when the VEAP with Army kicker option was accepted and  
17 put in, you all realize that you were making this trade-off  
18 between solving the problem now and creating a bigger one.

19 DR. KORB: We had no choice because the Army last  
20 year had 31 percent in the category four. Congress says they  
21 can't take more than 25. So what Congress is trying to do is  
22 force us to go back to, they're, you know, setting quality  
23 constraints which are very difficult to meet. We used this to  
24 get the Army the high quality, but you're right. It's going  
25 to increase accession requirements in the long run. That's

1 correct, there's no doubt about it. And that's the dilemma  
2 of the GI Bill and that's why the Secretary right now has  
3 chosen to stay with this particular program.

4 MR. WEIDENBAUM: It sounds like the longer you stay  
5 with it, the more you're building up the bank account --

6 DR. KORB: Only the Army, without it the Army  
7 couldn't meet the quality constraints.

8 MR. WEIDENBAUM: Oh, I think you see what I'm  
9 backing into. Keeping everything else equal and not changing  
10 anything else, this is the solution. Are there other solu-  
11 tions? I'm thinking of some changes in pay classification  
12 systems, that don't have this buying trouble later for solving  
13 the short term problem now?

#2

14 DR. KORB: We find this particular solution right  
15 now that went into effect in '82 has helped the Army get down  
16 below, but you're right. It's a trade-off. You are buying  
17 certain problems down the road.

18 MR. MARSH: You have to remember what you're trading  
19 off. You're paying a guy to enlist and be an infantry rifle-  
20 man, a tanker, a field artillery, the three skills you can't  
21 get <sup>to</sup> in enlisting. They're not going to stay in that anyway.  
22 They're going to leave that skill under any event. Either  
23 they get to be too old to be a <sup>PFC</sup> PFC, but they're going to leave  
24 it. We're going to have to replace them under the best of  
25 circumstances.

1 MR. LEHMAN: What tempers even those who do not  
2 argue for the bill, what tempers our opposition to it is the  
3 looming demographics of the declining group and the recovery  
4 that's going to start at the end of the year. And what that's  
5 going to do to the great figures we've got now, or in a nut-  
6 shell, we're going with number one.

7 DR. KORB: That's right. We had to put it in this  
8 year's budget.

9 MR. ORR: And so as a matter of today, there is  
10 nothing else on the table.

11 DR. KORB: That's correct, but we have a long term  
12 report to the President.

13 MR. LEHMAN: What is the assessment of the Montgomery  
14 Bill and where it's going?

15 DR. KORB: You mean in terms of whether it will pass  
16 or not?

17 Chances are a lot less this year. Last year it looked  
18 like a much easier chance of passing. Congress seems to have  
19 lost a lot of their enthusiasm. Now the question of money is  
20 very large on the Hill because somebody has to fund it, even  
21 if DOD does not.

22 MR. SCHNEIDER: We're still not out of the woods on  
23 it.

24 DR. KORB: Bill said he would convey to Stockman and  
25 the President that this is kind of the last year for the GI

1 Bill. In other words, you may have the -- this year, but in  
2 succeeding years it will be less because of the cost factors  
3 involved.

4 MR. MEESE: The Army kicker, now what do they get  
5 that kicker for?

6 DR. KORB: If they're in the average or above  
7 average category and they go in a three year minimum, they go  
8 into combat arms primarily, there are 25,000 people eligible  
9 for up to this, they don't give it to everybody. It depends  
10 on their recruiting market.

11 The Army uses this to get people, as Jack said,  
12 into these skills with no counterpart in civilian life.

13 MR. MEESE: Everybody uses the other --

14 DR. KORB: Everybody is eligible, but since the  
15 member has to contribute, not everybody contributes.

16 MR. MARSH: The record on contribution is not very  
17 good at all.

18 DR. KORB: But you get the serious kid because he  
19 has to put some of his own money.

20 MR. STANNERS: If he doesn't contribute the maximum,  
21 he contributes half the amount, he still gets the \$12,000  
22 kicker, even though by his not contributing he has a smaller  
23 package here. This still stays as a constant.

24 MR. MEESE: Any other comment?

25 Would there be any value if we went to something like

1 a basic benefit to move it directly to the second tier so that  
2 the benefits would not be there unless they re-enlist? In  
3 other words, instead of having it as a recruiting benefit it  
4 would be there as a retention benefit.

5 DR. KORB: It's less efficient than the bonus. The  
6 bonus is the most efficient thing to get the person in,  
7 because you'd have the same problem again. You give them the  
8 education benefit to stay in four years, but then you give  
9 them an incentive to get out after eight years.

10 MR. LEHMAN: We could live with that. We've looked  
11 at that and we would simply integrate that with our SRBs and  
12 bonus package. But it's less easy and crisp.

13 MR. MARSH: Here's where you get a difference  
14 between Army and Navy. Our problems are recruiting. Theirs  
15 is retention. Our money goes up front and the Navy goes on  
16 retention. So you've got this difference of tailoring the  
17 force.

18 MR. ORR: We have a retention problem.

19 MR. MEESE: In the interest of time, is there any  
20 other comment?

21 (No response)

22 DR. KORB: Okay, let's go on to compensation issues.

23 All right, what we want to talk about here are two  
24 issues. Which index should we use to adjust military pay every  
25 year and how should we distribute the pay? You may

1 remember that the President was very specific about this in  
2 his West Point speech, especially on the latter.

3           Okay, there are four indices that you can use. They  
4 can get with a GS which is this year five percent. You can  
5 use the PATC survey or the Professional Administrative  
6 Technical and Clerical survey which is this year estimated to  
7 be about 7.6 percent. You can modify that by, this is mostly  
8 white collar, by putting blue collar in. That gives us more  
9 of the military jobs in.

10           The most comprehensive is the employment-cost index.

11           MR. MEESE: What is used now?

12           DR. KORB: Well, let me tell you how the law reads.

13 The law says military people get the same as civil servants  
14 unless we go in for an exception, and this year, the legisla-  
15 tion is not up yet, but in our budget we have eight percent  
16 estimated raise for the military people. It's five percent  
17 for the civil servants. We have to get that eight percent  
18 enacted. If we don't they get the same rate as the GS. The  
19 GS are supposed to get the PATC.

20           GENERAL JONES: But the GS was artificially --

21           DR. KORB: Lower, right. But if nothing is changed  
22 on the law as of the first of October, GS get five percent,  
23 no separate legislation, then the military people automatically  
24 get five percent.

25           GENERAL JONES: What I'm saying is for the future, you

1 can't grab that GS five percent. It's either tied to PATC or  
2 something else or ESI or --

3 MR. LEHMAN: Suppose inflation stays where it was  
4 last month, and the 12 months ending September 30, let's say a  
5 five percent overall inflation rate. Does PATC take that into  
6 account?

7 DR. KORB: PATC should. This survey will be some-  
8 time this summer. The reports are reported to the President  
9 and he makes a determination. We're estimating eight percent.  
10 These could be lower. You also have some lag times built into --

11 MR. LEHMAN: We've been testifying so far saying  
12 that our first priority would give up investment program before  
13 we give that up and the reason is the importance of maintain-  
14 ing even --

15 DR. KORB: That's why the raise is in between here.

16 MR. LEHMAN: Suppose we bleed and die for eight  
17 percent and then PATC comes in at six percent?

18 DR. KORB: It's up to the President to make a  
19 determination. He could say that this would keep up with the  
20 cost of living, six percent, because Murray is working miracles  
21 over there and brought it down. It's his option, okay?  
22 We have eight percent in the budget but it's his option to  
23 decide what the raise will be.

24 Now if you take a look at the indices up here, you  
25 will see that the ECI is the employment cost index, is about

1 the closest to the military because it covers 70 percent of  
2 the enlisted, 50 percent of the officer jobs. And if you  
3 were to tie it this year, based on the estimated thing, say to  
4 the ECI, it would cost you \$50 million extra in the budget and  
5 over the next five years we estimate about \$300 million as  
6 compared to what we have in the five year plan. If you went  
7 to GS you would have these savings. You're a little bit above  
8 what you estimate for PATC, but below would be modified for the  
9 area wage survey.

10           Okay, so that's the first thing is, do you want to  
11 tie yourself to an index? If you want to tie yourself to an  
12 index then of course you take away the President's flexibility  
13 because it just becomes automatic. Right now he can take it  
14 and make the decision.

15           We have a joint service group taking a look at the  
16 index and it's due on the 15th of April.

17           Okay, after you select an index, then you have the  
18 question of allocating or distributing the raise. Right now  
19 under the current law the Secretary of Defense can allocate  
20 up to 25 percent of the basic pay raise. He can put it into  
21 the military allowances, the subsistence allowance and the  
22 quarters allowance, or he can do as was done last year, that  
23 they can get for last year we had at average of 14.3. We give  
24 10 to the lower ranking people and 17 percent to the higher  
25 ranking people. He does not have the authority to reallocate



1 by skills or assignment. He can't give more to deep sea  
2 divers. That is the present.

3 Now obviously there are two alternatives. We can  
4 change the law to permit reallocation in different skill  
5 shortages, assignments and quality. The other option is to  
6 maintain the current system and you can provide additional  
7 funds to deal with those shortages that you have.

8 Now one of the things that is important to keep in  
9 mind, this is our differential pay. This is what we use to  
10 deal with some of the problems we're talking about. Okay, we  
11 have flight pay, that is used to not only reward the people and  
12 compensate them for hazardous duty, but to deal with  
13 shortages. These are the bonuses we were talking about.  
14 Re-enlistment bonuses, \$589 million, which is about the cost  
15 of some of the basic benefits in the GI Bill.

16 Now right now in this year and last year you're  
17 talking about, that's about six percent of basic pay. It's  
18 important to keep in mind that these things are fixed. They  
19 don't automatically go up for inflation. So if you wanted to  
20 change flight pay you'd have to go in, if we had say a  
21 \$6000 bonus and it's not changed, its value begins to decrease  
22 each year.

23 Now the problem is we're going to have shortages  
24 in certain skills in the career force, and the Army is going  
25 to have some recruiting shortfalls. So we have the combination

1 as we've seen here. We pick the Air Force and the Navy with  
2 skill shortages in certain areas and the Army with the problems  
3 of bringing in recruits. And this is what the imbalance  
4 looks like here.

5 We have certain skills, we have about one-third of  
6 our skills which are on demand. They're 47,000 short and about  
7 one-third of our skills, that's less than 90 percent. Another  
8 one-third are adequately manned and we have some skills which  
9 are over-manned. So overall we have a shortage of about  
10 27,000 people in the career force.

11 Remember in our last meeting we talked this is E5 to  
12 E9, the career force.

13 Now one of the things that the paper suggests is to  
14 deal with that you could reallocate part of it. In other  
15 words this year you're in for eight percent. If you give six  
16 percent, which is a 25 percent reallocation, this frees up  
17 \$500 million to put into the differential pay into the areas  
18 where you have the shortages. Of course you could do five,  
19 ten or any number that you wanted.

20 Also if you did that it would affect retired pay  
21 because you're giving it for skills rather than basic pay.  
22 Over the five years if you did it you would save about a  
23 billion and a half in retired pay.

24 Now obviously each of these alternatives has advan-  
25 tages. This is where you allocate part of basic pay to

1 bonuses and special pays. And this would help you in the  
2 critical areas. It would compensate people for particularly  
3 arduous assignments and you could compensate people who do  
4 well, high quality people. You wouldn't be putting costs in  
5 areas where you have no problems.

6 You would offset the cost increases required to keep  
7 the real value of the bonuses that you have and slow your  
8 growth in retirement costs.

9 It has disadvantages as well. You would give more to  
10 some people at the expense of others. It's a very important  
11 value to military people, this idea that they belong to a  
12 family or a special job or calling rather than just an  
13 occupation. You create uncertainty with the service members,  
14 not knowing how much they were going to get each year because  
15 it would depend on what the President or the Secretary would  
16 do. This is the problem of institutional values.

17 What would happen is you would be treating service  
18 members differently. You might have a situation where a cook  
19 on the ship gets less, even though he is the same grade as  
20 somebody else, and then of course you would, or you could  
21 hurt morale by lowering the retired pay.

22 At the working group, the services were unanimous  
23 in not liking option one which is the reallocation. Other  
24 people from outside felt that this was something that ought to  
25 be considered. That would help us to put the money where it is

1 needed most.

2 MR. WEIDENBAUM: Are we going to get a chance to  
3 discuss that?

4 DR. KORB: Yes.

5 MR. WEIDENBAUM: To say that pay differentials  
6 characterize the business world is obvious. But I come from  
7 a non-profit environment where we have long term career  
8 people who assume the pay differentials are a fact of life.  
9 If we paid our medical school people the same as we paid our  
10 English faculty, you'd have to close down just about every  
11 med school in the United States.

12 GEN JONES: That's why we pay our doctors a great  
13 deal more than others.

14 MR. WIEDENBAUM: If we paid our physics professors  
15 and engineering professors what we pay music professors and  
16 art professors, the same thing. We'd have tremendous shortages  
17 in one area and tremendous surpluses in others. Does it  
18 create hard feelings? Sure. But everyone understands it's  
19 just a fact of life.

20 Am I surprised that the military has shortages in  
21 some MOS's and surpluses in others? In all honesty, I'm  
22 surprised you don't have more shortages and more <sup>surpluses</sup> ~~services~~ --

23 MR. ORR: We do the same that you do. We pay skills  
24 more. We tie it in a bonus. For instance, we give air  
25 controllers today, a \$16,000 bonus for a four year re-enlistment.

1 Which is in a sense paying them \$4,000 a year. And anybody  
2 that can divide by four knows that you've taken \$4,000 a year.

3 There are two advantages to the present system which  
4 does that instead of putting it in the pay. One, it's far  
5 more flexible because our skills may change in shortages, and  
6 it's a lot easier to discontinue a re-enlistment bonus than it  
7 is to say to a fellow, you are making \$800 and he's making \$600  
8 and we're going to either freeze you or drop you.

9 MR. WEIDENBAUM: I thought that's the way this would  
10 work. You wouldn't drop anyone. You're talking about the  
11 annual increment.

12 MR. LEHMAN: But basically, we feel these differen-  
13 tial pay programs are the result of a great deal of effort over  
14 the recent years, and they are basically where they should  
15 be. They're fixing the problem.

16 MR. WEIDENBAUM: They're not working.

17 MR. LEHMAN: They're working beautifully.

18 MR. WEIDENBAUM: If they work so beautifully, why is  
19 this task force setup and why are we devoting all this effort  
20 to it?

21 MR. LEHMAN: Our retention figures are excellent.

22 MR. WEIDENBAUM: If there is no problem, we have  
23 other things to do.

24 DR. KORB: You both agree on the need for differen-  
25 tial pay. The way this paper was written, it was proposed by

1 OMB, was to use part of the basic pay raise to put in here.  
 2 In other words, instead of giving everybody eight, give  
 3 everybody six and then use this to increase the flight pay,  
 4 because what happens with this as you can see, it will stay  
 5 level until we go in because there is no automatic kickers to  
 6 these differential pays.

7 MR. LEHMAN: That's well stated, but I think the  
 8 levels are good now. They haven't been eroded since they  
 9 were in place since December and they're having their effect.  
 10 Whereas we have just, at great effort, reestablished credibility  
 11 that by God personnel compensation is important, we're not going  
 12 to let it start to slide back down as happened in the past, and  
 13 it's much more important to us to keep that credibility by  
 14 making good on the commitment to keep them even, whatever.  
 15 Whether it's six or eight or whatever the percentage happens  
 16 to be. And we don't think next year we'll be coming in and  
 17 saying you've got to get more dough into those eroded  
 18 specialty pays. But now they're okay.

19 MR. SCHNEIDER: OMB has had a few trees killed to  
 20 produce the paper. It makes a suggestion as to how we might  
 21 efficiently use or basically manipulate. It would be to try  
 22 and find a way of manipulating the pay process so that we can  
 23 really effectively man the force. And the basic idea would  
 24 be to try and put this process in the program budget review  
 25 process during the course of the preparation of the Defense

1 budget to make the size and distribution of the October pay  
2 raise. And integrate a decision along with the amount of money  
3 to be spent on differential programs and to look at the  
4 appropriate pay and benefit legislative proposal that we  
5 send up to Congress.

6           You know, I think that you can note the bullets on  
7 this paper where the service budgets would include the request  
8 for the adjustment in all of the different areas and then we  
9 review these jointly and find the most efficient way to dis-  
10 tribute this to man the force.

11           We think as compared to over-emphasizing the across  
12 the board approach, that trying to work this out with  
13 differentials can do a lot to address the problem and spot  
14 shortages that you develop in particular skills.

15           MR. ORR: You're speaking now that we would have  
16 differential pays instead of SRBs?

17           MR. SCHNEIDER: It's the kind of thing that we could  
18 leave to this decision process, that is the SRB's might be the  
19 best way to do it and then we might find some alternative  
20 means that would be better to deal with the spot shortages.  
21 I think the SRBs are working very well at this point from the  
22 evidence we've seen and there probably won't be any immediate  
23 incentive to change it. But the idea is flexibility to the  
24 adjustment process and pay. So we can cope better with the  
25 spot shortages than we can with what we are using here before.

1 DR. KORB: I think this is what we're talking about  
2 right here.

3 MR. MARSH: Larry, where are we on this defense study  
4 group? I understood that we were on the same ground as on the  
5 report in April.

6 DR. KORB: That's on the index. We're talking about  
7 two things here. Do you want to get tied to a specific index?

8 MR. MARSH: Aren't they addressing that too?

9 DR. KORB: No. The other thing is, do you want to  
10 have a situation or give the Secretary, the President, the  
11 authority to go 25 percent below that index to use the addi-  
12 tional funds freed up for that to go into dealing with these  
13 areas. You could put more into selective re-enlistment bonuses.  
14 You could put more into flight pay or whatever the situation is.

15 MR. MARSH: Isn't this review, this fifth quardrental  
16 review supposed to be convened --

17 DR. KORB: Yes, it has to be convened by '83.

18 MR. MARSH: It's required by law to look at this?

19 DR. KORB: That's correct.

20 GEN JONES: I'm for the reallocation type as last  
21 year, and I don't think you can have two reallocations in pay.  
22 Over the years we've had the pay compression and it means  
23 little to people to get promoted these days because you get  
24 promoted from a staff sergeant to tech sergeant, you get very  
25 little differential. This last year we took the first bite out



1 of it by differentiating the promotion to try to get rid of  
2 this compression and we haven't solved that problem yet. And  
3 I'd like to see us look at that one which is already allowed  
4 within the law, of the reallocation. We have a good one  
5 this year and at least my feedback is mainly positive in the  
6 force of starting to get rid of this compression. And we have  
7 a number of years in order to get rid of that compression.

8 Now if you try to get rid of it and reallocate, and  
9 you have another reallocation based on skills, then you have  
10 a real mixed up, where some people can be down at four and  
11 five percent and particularly if Congress reduces the eight to  
12 five or whatever, so I'm for sticking with the current system  
13 and reallocate to get rid of pay compression.

14 MR. SCHNEIDER: The purpose of this is to try and  
15 address the problem of spot shortages in skills.

16 GEN JONES: But our problem in the military is more  
17 one of leadership than it is of skills in the sense of having  
18 our people recognize the value of those promotions. The skill  
19 is more of a statistical thing. We're only in overages on  
20 28,000. That is one of the things that we're going to try to  
21 fix. That's very small. I submit the problem of retention of  
22 leaders who can get the most out of people is a very key  
23 problem.

24 MR. SCHNEIDER: Even addressing that problem through  
25 special pay as opposed to an increase in compensation for

1 everyone in that category, you'd be able to in effect award the  
2 most effective part of the issue.

3 GEN JONES: You get in an awful complicated  
4 situation. You have a nice simple system that worked  
5 beautifully last year. The retention is paying off --

6 MR. LEHMAN: I couldn't agree more. I think if it  
7 ain't broke, don't fix it. Somehow we have come up with a  
8 very well structured cluge of things that are working, and we  
9 ought not to tamper with them.

10 MR. MEESE: You would suggest keeping the allocation  
11 by grade and keeping this differential pay program?

12 MR. LEHMAN: Yes.

13 MR. MEESE: Okay.

14 DR. KORB: Okay, let's go on to the next subject.

15 Okay, the task force also asked for a briefing on  
16 some information on women in the military and very briefly,  
17 you can see that the number in Department of Defense has  
18 grown quite rapidly in the enlisted ranks from some 31,000 to  
19 over 160,000 and is projected to go up to another 17,000 in  
20 the enlisted ranks.

21 The percentage has gone overall in the department  
22 from 1.6 to 9 percent and it's expected to go slightly up over  
23 the next couple of years.

24 The Air Force has the largest percentage of women.  
25 The Marines have the smallest percentage. The Army right now

1 is conducting a study to see which way they want to go with  
2 the number of women and they are basically holding steady until  
3 they see the results of the study.

4 If you've read the paper, our paper essentially says  
5 this is where we are going, and it seems to be a direction that  
6 everybody is satisfied with.

7 MR. ORR: I didn't realize until I saw my pre-  
8 briefing for this meeting that we were scheduled to go to  
9 11.2. We will not drop. I'm not interested in enlarging it,  
10 but I don't want any papers out that indicate -- I just  
11 hadn't realized that in the out year we were dropping and I  
12 want to hold it even.

13 DR. KORB: So you go up to --

14 MR. ORR: We're not quite at 11.5. We're at 11.3.

15 MR. MEESE: Is there any quotas now for women?

16 DR. KORB: This is based on the service. What the  
17 services do, they take a look at the combat restriction and  
18 protecting the rotation base and then do an analysis of the  
19 mental and physical characteristics of the skills. This is  
20 what they estimate the way they go.

21 MR. MARSH: I thought that Cap wanted to --

22 DR. KORB: This guidance sheet was to show you how  
23 you break down the institutional barriers to women in the  
24 service getting ahead. Your number could change, obviously,  
25 depending on what your study says.

1 MR. MEESE: Right now you don't have any number of  
2 women that are qualified so if you had a sudden influx of  
3 women, there is no real way to bar them?

4 DR. KORB: The limitation would be on this. If you  
5 did not protect the rotation base, for example, if, the women  
6 cannot go on combat ships so you have to have the fellows on  
7 the ships. Then you have to have a job for them on shore.

8 Okay, now we've spoken about this. It's the problem  
9 of manning the enlisted skills. The task force has to take  
10 a look at this. We've already shown this here briefly when we  
11 talked about the question of pay. We have about one-third  
12 overmanned, about one-third correct, and about one-third  
13 undermanned. And about one-third overmanned.

14 Now this breaks down the shortages. The career  
15 force by service is about 27,000 off, and way back at the  
16 last meeting we spoke about it. There's a petty officer  
17 shortage particularly in the Navy. The other services have  
18 slight problems. It's the petty officer shortage that exists  
19 in the Navy.

20 MR. LEHMAN: Let me just say a word, because it's  
21 often misunderstood.

22 We are actually going to reach what we call bunk  
23 constraints within two years, maybe sooner. That means all  
24 slots will be filled at sea. Whereas a second class petty  
25 officer, we would prefer to have him be a first, but he's a

1 second. A first class may be filling the chief's billing.  
2 It's really a programmer's measure of skilled mixes and we  
3 prefer it to be higher, but it shouldn't give the impression  
4 that there are going to be actually jobs going without hands  
5 on them.

6 MR. MEESE: Do you have somebody in that spot?

7 MR. LEHMAN: Yes.

8 MR. MEESE: Who is in a promotable slot?

9 MR. LEHMAN: That's right. He would be judged  
10 qualified to do that task, although he will be at a skill level  
11 as measured by his promotion. Attainment that far may not be  
12 what is written in the job requirement, but again, there are  
13 some that really are quite good fits and others where there's  
14 a definite problem. The biggest problem is where it's  
15 supervisor. Chief petty officers, --

16 MR. MEESE: Are you short on chiefs?

17 MR. LEHMAN: We're short on chiefs in the skills  
18 that we need, and it doesn't really come through quite  
19 accurately in any numerical because the age group of our  
20 chiefs now is younger, so their experience level is lower than  
21 we would like it to be and this can't be cured overnight.  
22 It's going to take time and it mainly is reflected in chiefs  
23 that we would like to have looking over the shoulder of  
24 second class radar mechanics, are in there doing it themselves.

25 DR. KORB: Well we've just discussed here --

1 MR. MEESE: It's easier for a second class to fill  
2 the shoes of a first class than the first class of the chief.

3 MR. LEHMAN: Not necessarily because we have a lot  
4 of restrictions, and the procedures of being promoted and  
5 selected to chief lag from recognition of actual skill levels  
6 because there are quotas. So you often have very highly  
7 skilled first class who remain first class and retire as first  
8 class because they don't want to take on the responsibility  
9 of a chief.

10 There are many 35 year first class who have been  
11 busted three or four times and he doesn't want to be a chief,  
12 but he's damn skilled. But he appears as a petty officer.

13 DR. KORB: We feel right now that the services have  
14 the tools to correct these imbalances through the differential  
15 pays that we spoke about, retraining of people from the people  
16 with skills of too many and the people with too few, and the  
17 promotional right. And we ask for long range -- and to monitor  
18 the progress.

19 Okay, our last topic here, the Secretary of the  
20 Army felt it would be very good for us to take a look at this  
21 so the Administration could cope with legislation. The  
22 question was not to take a look at it, but to deal with the  
23 legislation that is circulating around the Congress.

24 What we've done is divided it into the prototypes  
25 and there are modifications to each compulsory with the draft

1 and voluntary, with the AVF, the prototypes of national service.  
2 Because you have a universal national service where everybody  
3 goes. You have minimally coercive national service which is  
4 best exemplified by the McCloskey Bill where you choose between  
5 civilian public service or accept the risk of being drafted if  
6 the draft is renewed. And Congressman McCloskey, several times  
7 has told me he's going to speak to the President about this if  
8 he hasn't already.

9           And then you have a situation where you have a  
10 liberalized conscientious objector program where the person  
11 says he's a conscientious objector and he would not come if  
12 drafted so you allow him to go out and perform the alternate  
13 service in lieu of the draft. If he says he is then you make  
14 him go to something else.

15           The voluntary, we have the broad based program which  
16 encourages a large number of people to volunteer for national  
17 service, military or something else.

18           Benefits, conditional if you want aid from the  
19 federal government to go to college, then you have to go into  
20 the military or something else. The targetted volunteer  
21 program, something like the Job Corps for the disadvantaged or  
22 the Peace Corps for the highly talented.

23           Now the criteria for each of these, the force manning,  
24 how does it help us, the questions of equity which Tom has  
25 spoken about before, social goals, what are we trying to get

1 people, and of course the cost of the program, the administra-  
2 tive feasibility and of course constitutionality.

3 Now if you take a look at the prototypes of the  
4 peace-time military draft, people talk about going back to  
5 conscription. It doesn't automatically mean you have one set  
6 system. You have a minimal draft to fill AVF shortfalls.  
7 That means right now if we had a situation where we were  
8 10,000 short or 100,000 short at the end of the year, we draft  
9 just to get that. But we want to encourage people to volun-  
10 teer.

11 You would have an active force. You would discourage  
12 volunteers, you would not do anything to bring people in,  
13 bonuses or special things, and you would actually go out and  
14 conscript people and you could actually pay lower pay.

15 Okay, you could raise your standards which would  
16 force you to go back, so you have to have only categories ones  
17 and twos into the service. And then you would have to go to a  
18 draft. You could have a situation where you just don't allow  
19 volunteers. You just don't allow them. It's not a question  
20 of encouraging them, you have the draft for the individual  
21 ready reserve which has been recommended among others by our  
22 NATO commander, and of course you can have universal military  
23 training for all people where everybody serves three or four  
24 months and be placed in a pool.

25 So those are the things.



1 MR. MARSH: There's one other which is very important  
2 and probably would be the most effective and that would be a  
3 draft in either the Guard or the Reserves.

4 DR. KORB: It would be subsumed, I guess under  
5 number five.

6 MR. MARSH: No, they're different things.

7 DR. KORB: But you were drafted here.

8 MR. MARSH: It would just be a draft for the  
9 Reserves.

10 MR. MEESE: That would mean they would be drafted  
11 into units.

12 MR. MARSH: And they would serve the units.  
13 They would take basic and advanced individual training.

14 MR. MEESE: So it's almost a combination of six --

15 MR. MARSH: It's kind of a cross between five and  
16 six.

17 DR. KORB: And again you take a look here, military  
18 effectiveness, which would give you the highest question of  
19 equity. Cost and efficiency would be the criteria on which  
20 you would evaluate it. If you are interested in the subject  
21 the paper is pretty good and it gives you a pretty useful  
22 review of everything on the subject.

23 Which brings us to the last thing. This is what  
24 we've done so far. We've taken a look at 18 topics, basically  
25 broken down into those areas and what we are ready to do right

1 now is go ahead and complete the papers and complete the  
2 report to the President.

3 Secretary Weinberger says what he would like to do  
4 is get the papers written and submit them to the working  
5 group, have their comments and submit them to you before we  
6 get back together again to decide what to do.

7 MR. MARSH: Can we make inputs, like on the GI Bill? ✓  
8 And the Guard-Reserve?

9 DR. KORB: Sure. ✓

10 MR. MEESE: I'm wondering, Tom, if it would be a good  
11 idea for you with Larry's help to prepare a list of open  
12 questions, because there have been some we've kind of  
13 answerèd. Some are still open. And also going right back to  
14 the first because we may have skipped over some things. So  
15 we ought to return to them.

16 I would think Larry before we get a draft we really  
17 need another meeting to go through those open questions and  
18 have some sense from this group of where the working group  
19 ought to go in the preparation of papers. I think we ought to  
20 be very careful when the President gets our report it cannot  
21 be said that we are just ratifying something the Department of  
22 Defense did, but that it does represent the point of view  
23 of the whole task force.

24 For example, I think when we get to national service  
25 one of the issues I'd like to throw in there is the way in X

1 which the national service should be conducted. I would like  
2 to see us recommend to the President that in any future  
3 draft there are absolutely no exemptions, and try to put in  
4 some of the problems that have occurred, say in the Vietnam  
5 era and when we talk about Reserve forces, recommend to the  
6 President that any national emergency in which there is going  
7 to be a draft or any major commitment of U.S. troops, that  
8 Reserves be utilized. I think there are things like that  
9 that we haven't really concentrated on that we really need.

10 So maybe if you take your chart just before and  
11 then list some of these things under it and the open questions,  
12 then we can discuss those at the next meeting and then there  
13 would be the basis for summarizing that into a report.

14 MR. MARSH: That's fine.

15 MR. LEHMAN: There's one section I think ought to be  
16 in the final report, and that is to see if we could reach  
17 consensus on what the cautions are for the future.

18 Everything is, I think in everybody's judgement, is  
19 going extremely well, but we do face the upturn of the economy  
20 and the downturn of the population and what kind of benchmarks  
21 or warning signals we have to look for before, well so he sees  
22 the dangers that lie ahead.

23 MR. MEESE: If our report did any one of these or  
24 all of these things, number one I think it would perform a  
25 valuable service to acquaint the Congress and the public with

1 the actual picture here which is a very encouraging picture  
2 of many aspects of the all volunteer force.

3 Secondly, if we can look ahead and see what the  
4 problems are, well, before we get to that, taking the present  
5 force, if we could look at what things should be changed, there  
6 are some recommendations that we have even with the existing  
7 system.

8 Third, we look ahead to the problems.

9 And fourth, look ahead at various contingencies that  
10 may be created by the military situation and what our  
11 recommendation would be.

12 If we accomplish those four things, I think that is  
13 something worth while.

14 MR. TURNAGE: Not only will I coordinate with Larry,  
15 I will give each individual, each member, a chance to give  
16 input to that, to try to cover the broad spectrum and we'll  
17 put those together and that will in effect constitute the  
18 agenda for the next meeting.

19 MR. MEESE: Is that agreeable to everybody? ✓

20 (Unanimous response.)

21 MR. MEESE: Larry, thank you very much.

22 (Whereupon, at 5:35 p.m. the meeting was adjourned.)

23

24

25

REPORTER'S CERTIFICATE

1  
2  
3 DOCKET NUMBER:

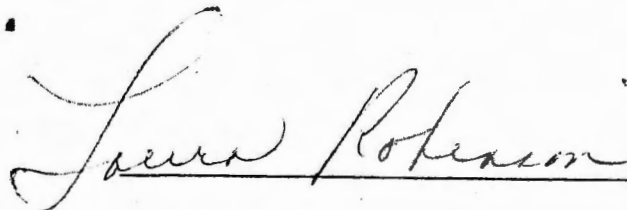
4 CASE TITLE: Military Manpower Taskforce Briefing by Dr. Korb

5 HEARING DATE: March 10, 1982

6 LOCATION: Washington, D. C.  
7

8 I hereby certify that the proceedings and evidence  
9 herein are contained fully and accurately on the tapes and  
10 notes reported by me at the hearing in the above case before  
11 Department of Defense - Military Manpower Task Force  
12 and that this is a true and correct transcript of the same.  
13  
14  
15

16 Date: March 12, 1982  
17

18  
19 

20 Official Reporter  
21 Acme Reporting Company, Inc.  
22 1411 K Street N.W.  
23 Washington, D.C. 20005  
24  
25