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**Report to the Congress; by Elmer B. Staats, Comptroller General.**

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The Defense Manpower Commission study of DOD manpower resulted in about 300 recommendations, conclusions, and observations on a variety of issues, including requirements, recruitment, training, utilization, compensation, retirement, the future of the All Volunteer Force, and management of defense manpower. Findings/Conclusions: The tentative responses of DOD lacked specific details showing the degree of consideration given the Commission's report. When DOD agreed on a particular issue, it did not indicate the organization with the specific responsibility for taking action or a time frame for completing any action. In most of the cases, DOD stated that no further action was necessary. In some instances, DOD disagreed with the Commission because prior or on-going studies led to different positions. Recommendations: The Secretary of Defense should decide, as soon as possible, DOD's positions on the Commission's recommendations, conclusions, and observations; designate organizations to be responsible for correcting problems or making improvements in those areas where DOD concurs with the Commission; assign target dates to complete these actions; and provide more explicit details to support DOD's position when it differs from the Commission's viewpoint. (SC)

01970

# REPORT TO THE CONGRESS



BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES

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## What Defense Says About Issues In Defense Manpower Commission Report--A Summary

Department of Defense

The degree of attention the Department has given to the issues in the Commission report is questionable. GAO believes the Department of Defense should decide its positions on the report, and when it agrees with the Commission, assign responsibility for taking action by a certain date.



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-184980

To the President of the Senate and the  
Speaker of the House of Representatives

This is the first in a series of GAO reports on Department of Defense action on issues contained in the Defense Manpower Commission report. We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67). Also, this report was made at the request of Senators Howard Baker and Lloyd Bentsen, who were among the original co-sponsors of the legislation establishing the Defense Manpower Commission.

We discussed the report with officials from the Office of the Assistant Secretary of Defense (Manpower and Reserve Affairs), and we considered the Department's comments in the report. We did not, however, receive written comments.

We are sending copies of this report to the Director, Office of Management and Budget; the Secretary of Defense; and other interested parties.

A handwritten signature in black ink, reading "Thomas B. Athelt".

Comptroller General  
of the United States

**COMPTROLLER GENERAL'S  
REPORT TO THE CONGRESS**

**WHAT DEFENSE SAYS ABOUT ISSUES  
IN DEFENSE MANPOWER COMMISSION  
REPORT--A SUMMARY**

**D I G E S T**

This summary report is the first in a series on issues raised in the Defense Manpower Commission study on manpower within the Department of Defense. The Commission was established mainly because of the increased cost of Defense personnel. In April 1976 the Commission issued its report "Defense Manpower: The Keystone of National Security" containing about 300 recommendations, conclusions, and observations. The Commission reported on several issues, including requirements, recruitment, training, utilization, compensation, retirement, the future of the All Volunteer Force, and management of Defense manpower.

In December 1976 the Department of Defense gave GAO its tentative positions on about 80 percent of the issues contained in the Commission's report.

The responses lacked specific details showing the degree of consideration given the Commission's report. When the Department agreed on a particular issue, it did not indicate the organization with the specific responsibility for taking action or a time frame for completing any action. In most of the cases, the Department stated that no further action was necessary.

Also, the Department disagreed with the Commission in some instances because prior or ongoing studies led to different positions. GAO could not determine if the studies were broad enough to have incorporated the Commission's perspectives or if ongoing studies would be broadened to consider those perspectives.

In March 1977 the Acting Assistant Secretary, Manpower and Reserve Affairs, and other responsible officials told GAO that the Department

had given high-level attention to the Commission's views. They agreed that the information provided lacked specifics on any planned action. They advised GAO, however, that the information was not intended as a status report or as an assignment of responsibility to take action. They said the positions are being reevaluated to be certain they reflect the new Secretary's views and are consistent with his policies. Also, the positions are being reviewed to prepare action orders for the Commission's recommendations to which DOD agrees and a monitoring system for controlling how the assignments are carried out.

GAO recognizes the problems associated with the transition to the new administration. However, almost 1 year has passed since the Commission submitted its report, and defense manpower remains an issue.

GAO believes the Secretary of Defense should:

- Decide as soon as possible the Department's positions on the Commission's recommendations, conclusions, and observations.
- Designate organizations to be responsible for correcting problems or making improvements in those areas where the Department concurs with the Commission.
- Assign target dates to complete the above actions.
- Provide more explicit details to support the Department's position when it differs from the Commission's view.

## C o n t e n t s

	<u>Page</u>
<b>DIGEST</b>	i
<b>CHAPTER</b>	
1 <b>INTRODUCTION</b>	1
Scope of review	2
2 <b>OVERVIEW</b>	4
Observations, agency reactions, and recommendations	4
3 <b>ORGANIZATION AND MANAGEMENT</b>	6
4 <b>REQUIREMENTS</b>	9
Total Force requirements	9
Individual services' requirements	11
Base operating support	16
Headquarters staffing and combat-to- support ratios	18
5 <b>RECRUITING, SELECTING, AND RETAINING       PERSONNEL</b>	19
Recruiting	19
Selecting	22
Retention	23
6 <b>DEVELOPMENT AND UTILIZATION</b>	25
Training	25
Education	26
Utilization	29
7 <b>COMPENSATION AND RETIREMENT</b>	33
Compensation	33
Retirement and other benefits	34
8 <b>FUTURE OF THE ALL VOLUNTEER FORCE</b>	37
Selected Reserve recruiting projections	38
Meeting mobilization requirements	39
Standby draft	41
<b>APPENDIX</b>	
I <b>Letter, dated November 9, 1976, from       Senators Howard Baker and Lloyd Bentsen       requesting GAO followup</b>	44

		<u>Page</u>
<b>APPENDIX</b>		
II	Chronology of DOD actions related to DMC report followup	45
III	Principal officials of the Department of Defense	47

ABBREVIATIONS

AVF	All Volunteer Force
BOS	base operating support
DMC	Defense Manpower Commission
DOD	Department of Defense
GAO	General Accounting Office
GS	general schedule
IRR	Individual Ready Reserves
JTRO	Inter-Service Training Review Organization
NATO	North Atlantic Treaty Organization
OME	Office of Management and Budget
OSD	Office of Secretary of Defense
PME	professional military education
PPBS	Planning, Programing, and Budgeting System
RMA	Retirement Modernization Act
RMC	regular military compensation
ROTC	Reserve Officer Training Corps

## CHAPTER 1

### INTRODUCTION

The Defense Manpower Commission was established by Public Law 93-155, November 26, 1973, to study manpower issues within the Department of Defense (DOD) and report the results of its work to the President and the Congress. Much of the debate on establishing the Commission in November 1973 concerned the increased costs of Defense manpower. Sponsors of the measure stated:

"The Department of Defense is paying \$22 billion more in Fiscal Year 1974 than it was 10 years ago in pay and allowances for 400,000 fewer personnel. That is more money for fewer men, and the fewer men are increasingly to be found in headquarters and support structures, rather than in the combat arms.

"At the same time, the average cost of maintaining a serviceman on duty has increased from about \$3,400 in 1950 to about \$12,400 in 1974."

Manpower costs in the fiscal year 1974 Defense budget accounted for about 56 percent of the total. Costs of this magnitude pointed to a great need to examine how manpower was employed in DOD.

The Commission consisted of seven Commissioners: three appointed by the President, and four appointed by the minority and majority leaders of both Houses of Congress. The Commission approached its work on a Total Force basis, that is, it included Active duty military, National Guard and Reserves, civilians, and contractor personnel. Further, the Commission conducted its work on a life cycle basis which by definition included requirements, recruitment, development and utilization, compensation and retirement, and management of the manpower process.

In April 1976 the Commission issued its report "Defense Manpower: The Key to National Security." The Commission study took 2 1/2 years and cost the taxpayers about \$2.5 million.

That Defense manpower is still costly is evidenced by manpower continuing to make up about 55 percent of the Defense budget. General George Brown, Chairman of the Joint Chiefs of Staff, added a different perspective in a statement on January 25, 1977, before the Senate Armed

Services Committee. When the annual DOD report was presented, he said

"A third area of major importance of our security posture is people. This report, and the budget request you are considering, include a number of people-related issues. I am aware of the very real pressures to keep defense costs down. Yet, I caution against striking at the people-related programs simply because they are the largest target. We are not being prudent managers or effective leaders if we do not provide for the needs of the good people upon whom we rely for an effective military establishment.

"If personnel programs enable us to attract and retain good people, the capability of our forces and the quality of our leadership will remain high. If senior leaders, military and civilian, of both the executive and legislative branches of government, continue the tradition of looking to the welfare of the troops, we can expect that able young people will continue to seek a military career, and that servicemen and women will not look to other sources for their well-being."

## SCOPE OF REVIEW

Our review was conducted at the Office of the Secretary of Defense and was made at the request of Senators Howard Baker and Lloyd Bentsen that we follow up on the actions taken by the Department of Defense to evaluate and implement the recommendations contained in the DMC report. (See app. I.) Senators Baker and Bentsen, who were among the original sponsors of the legislation creating the Commission, requested periodic reports on our work; this is the first in a series of such reports. The DMC also recommended that GAO follow up on the report.

In performing our initial review, we cataloged the DOD response to the DMC report. We did not perform independent evaluations of the issues raised by the DMC or of the individual responses by DOD, although we plan to include these and other relevant factors in periodic progress reports to the Congress.

In this report we discuss organization and management; requirements; training, educating, and using the force; recruiting, selecting, and retaining; compensation and

retirement; and the future of the All Volunteer Force in separate chapters. Each chapter sets forth a summary of the DMC's positions and tentative DOD responses to them.

## CHAPTER 2

### OVERVIEW

The Defense Manpower Commission issued its report to the Congress and the President in April 1976. That report contained about 300 conclusions, observations, and recommendations on specific items concerning Defense manpower. In December 1976 the Department of Defense gave GAO its tentative positions on the observations, conclusions, and recommendations. A chronology of DOD actions in response to the report was later submitted to us. (See app. II.)

According to the chronology, DOD requested comments from the services late in March 1976, or before the public release date of the report. DOD received comments from the services and the Assistant Secretaries of Defense in May 1976. The proposed DOD positions were coordinated with the services in July 1976. The services' comments were received in August 1976, and a summary of issues and tentative positions was sent to the President. The proposed DOD positions were coordinated with the Office of Management and Budget (OMB) whose comments were received in December 1976. DOD gave us the tentative positions later that month. These positions covered about 80 percent of the DMC's conclusions, observations, and recommendations.

### OBSERVATIONS, AGENCY REACTIONS, AND RECOMMENDATIONS

The information the Department gave us as its tentative position lacked specific details showing the degree of consideration given the Commission's recommendations, conclusions, and observations. For example, our analysis of the positions indicated that when the Department agreed with the Commission on a particular issue, which was on the majority of cases, it did not indicate the organization with the specific responsibility for implementing or a time frame for completing any action. In most of these cases, DOD stated that no further action was necessary.

Also, the Department disagreed with the Commission in some instances because prior or ongoing studies led to different positions. Based on the information given to us, we could not determine if the studies were broad enough to have incorporated the DMC's perspectives or if ongoing studies would be broadened to consider those perspectives.

In March 1977 the Acting Assistant Secretary, Manpower and Reserve Affairs, and other responsible officials told us that the Department had given high-level attention to the Commission's views. They agreed that the information provided us lacked specifics on any planned action. They advised us, however, that the information was not intended as a status report or as an assignment of responsibility to take action. They said that the initial positions given to us were being reevaluated to be certain they reflect the new Secretary's views and are consistent with his policies. Also, the positions are being reviewed to prepare action orders for the Commission's recommendations to which DOD agrees and a monitoring system for controlling how the assignments are carried out.

The views expressed by the DMC were an attempt to solve some of the problems of manpower cost and utilization. We recognize the problems encountered at the Department of Defense associated with the transition under the new administration. However, almost 1 year has passed since the DMC submitted its report, and Defense manpower remains an issue.

We believe the Secretary of Defense should:

- Decide as soon as possible the Department's positions on the Commission's recommendations, conclusions, and observations.
- Designate organizations to be responsible for correcting problems or making improvements in those areas where the Department concurs with the Commission.
- Assign target dates for completing the above actions.
- Provide more explicit details supporting the Department's position when it differs from the Commission's view.

## CHAPTER 3

### ORGANIZATION AND MANAGEMENT

The Defense Manpower Commission concluded that in the Department of Defense's organization and management of manpower there was fragmentation, duplication, and layering in the three executive levels (the Office of the Secretary of Defense, (OSD) the Office of Service Secretaries, and the Service Staff). DMC observed that:

- Senior managers had no particular qualifications for the job.
- Managers stayed in their jobs for too short a period of time.
- Manpower managers had duties other than manpower.
- Other managers were involved in the manpower process.
- There was no consistent definition of manpower.
- Unified long-range plans with clearly stated objectives for the total force did not exist at the OSD or the service levels.
- Standardized information systems did not exist.

The Commission concluded that the Planning, Programming, and Budgeting System (PPBS)

- was unwieldy and time consuming;
- treated manpower not as a single entity, but characterized it throughout the system; and
- did not consistently account for manpower costs for different parts of the force or display them.

The Commission recommended that

- a single organization be responsible for manpower management at each executive layer;
- Assistant Secretaries, Manpower and Reserve Affairs, at the service level be abolished, but only if other Assistant Secretaries at that level are abolished;

- manpower managers' responsibility for the Reserve Forces be limited to manpower and that other managers be assigned the remaining responsibilities for the Reserve Forces;
- manpower management be professionalized; and
- the Secretary of Defense and the Service Staff assume effective control over civilian manpower and personnel management.

For the most part, DOD did not concur with or had not established a position on the Commission's conclusions, observations, or recommendations. In some cases the Department stated that it already had action underway. In those instances where it did concur, there were no specific time-tables established to measure progress in implementing actions, and only generalized action statements were included. Where it disagreed, DOD stated that all manpower should not be the responsibility of only one organization at the Service Staff level, that manpower managers were professional, and that a long-range manpower plan did exist. The Department had no position on

- changes to the PPBS,
- establishment of a single manpower program for each service,
- changes in management's responsibility for the Reserve Forces, and
- what layer should be responsible for maintaining control over civilian manpower.

The Defense Manpower Commission also recommended that end strengths not be used by the Congress as a managerial control feature and that DOD, OMB, and the Congress jointly develop a complete and consistent report format for the requirements and associated costs of the entire work force. DOD had not taken a position on these items as of December 31, 1976.

The DMC also stated that the fragmentation, duplication, and layering of manpower management illustrated a more fundamental problem in the total Defense structure. Several DMC Commissioners suggested examples of organizational changes which could be made to the Department of Defense structure and recommended (1) the establishment of a statutory

commission to study the subject of DOD organization and (2) specific organizational changes. The Chairman of the Commission agreed that there was an organizational problem, but recommended a more limited Presidential study and did not suggest specific organizational changes.

The Department of Defense has not commented on the DMC observations or illustrative changes. DOD stated it did not object to the establishment of a commission to make such a review, but questioned its need at this time particularly since the Congress is aware of the issues through annual reviews conducted in budget hearings and special DOD studies.

DMC also addressed issues such as (1) leadership, (2) unionization, (3) communications, and (4) morale and discipline.

Generally, DMC believed existing and developing leadership in the Armed Forces was good, but had some reservations about communications. DMC stated that there was a significant gap in communication between policymakers and field units, and that personnel policy and practices should not be changed without adequate explanation and consideration of their effects. DMC expressed concern over military unionization and stated that the Congress has the duty to discourage members of the Armed Forces from joining unions or similar organizations. Furthermore, it expressed that DOD should prohibit unionization through regulation. All the above factors affect the morale and discipline of military personnel. DOD agreed with DMC's positions, and said that it is conducting ongoing reviews of all aspects of unionization.

## CHAPTER 4

### REQUIREMENTS

The Defense Manpower Commission reviewed manpower requirements from a Total Force approach--an integrated view of all types of manpower required by and available to DOD, including Active military, civilian, National Guard and Reserve, and private contractor personnel. The DMC was very critical of DOD's Total Force policy which focused on Reserve components, primarily National Guard and Reserve Forces, and their integration into the Defense effort.

#### TOTAL FORCE REQUIREMENTS

DMC stated that DOD's Total Force policy is far from reality and its expectations are overstated. More specifically, DMC stated that it is not realistic to assume that many National Guard and Reserve units will be operationally ready for deployment overseas 30 to 90 days after mobilization, but that 120 to 180 days is more realistic. DMC also stated that there were great differences among the services as to the readiness of their Reserves. According to DMC, DOD did not have a position that considers each of the services' needs on how or when to use civilian contractor personnel.

DMC praises DOD for its efforts to level off and stabilize manpower strength at fiscal years 1975-76 levels, as well as its seeking of congressional support for Force structure changes to produce improved readiness without significant manpower increases.

DMC also noted that substantial savings in manpower would have been realized had not additional divisions, ships, and wings been created. Considering the instability of the international situation at the time the DMC report was issued, however, the Commission concluded that the need exists for the strengthened combatant (active) Force structure and capabilities programed in the annual Defense Department reports for fiscal years 1976 and 1977 transition quarter, and for fiscal year 1977. DMC believes, however, that changes can be made to increase the cost effectiveness of the Armed Forces and manpower utilization without cutting defense capabilities.

Regarding overall Reserve Forces, the Commission stated that the Selected Reserves should continue at

personnel strength levels noted when the DMC report was written. The Commission stated, however, that some changes should be made in Force composition to eliminate unnecessary units and convert their manpower spaces to elements with greater mobilization needs. According to DMC, peacetime Reserve components should be organized, to the fullest extent possible, under the same command with which they would be functioning after mobilization.

#### DOD's tentative position

With regard to DMC's position on DOD's Total Force policy being far from reality, DOD stated that it must count on existing Forces including the Reserve components. DOD said that it is taking steps to assure that the readiness of Reserve units which will deploy is as close as possible to the condition of their Active counterparts. DOD said that its North Atlantic Treaty Organization (NATO) plans call for Guard and Reserve units to be deployed well before the 120-180 days mentioned by the Commission. In summary, DOD stated that it is concentrating on achieving the readiness required to meet planned deployment schedules.

The Department agreed that substantial improvements are possible by using contractor services, and said the problem will be examined in the context of how these services could affect military operations and readiness.

In commenting on DMC's observations about manpower strengths and manpower savings, DOD said that it will continue to seek efficiencies without reducing defense capabilities, but that additional savings will be more difficult in future years.

The Department stated, with regard to DMC's comments on changes for Force composition of Selected Reserves, that all Force structures are continually compared with wartime requirements, and the services are modifying their composition of both Active and Reserve components to replace unneeded units with those required early in a mobilization. DOD also said that it is actively pursuing the concept of organizing peacetime Reserve components into the operational chain of command.

Following is a summary of the major issues raised by the Defense Manpower Commission concerning the services and their Reserve components and DOD's tentative responses.

## INDIVIDUAL SERVICES' REQUIREMENTS

### Army

The Commission said that a subject of major congressional interest has been the ongoing program to increase the Active Army divisions from 13 to 16. In reviewing the plan, the Commission credited the Department with a good effort in achieving stronger combat forces, but had misgivings about some aspects of the present Army Force structure and its impact on manpower.

The Army adopted an affiliation program to improve the readiness of some of its Selected Reserve units. Under the program, Reserve components are used to round out special Army divisions when needed upon mobilization. The Commission supported the program on a test basis, saying that it should be continued and verified through at least fiscal year 1977.

The Commission stated that the Army's method of attaining its 16-division Force structure was not the most effective. It suggested that DOD combine the three separate European brigades into a division and eliminate one of the parent divisions in the United States, or assign each of the European brigades to a division already stationed in Europe.

DOD agreed with DMC's comments on the 16-division plan, and said that considerable progress had been made to increase combat forces without increasing manpower. DOD also agreed with DMC's observation on the Army's affiliation program. DOD said that particular emphasis is being placed on the premobilization manning, equipping, and training of the round out brigades and battalions required to meet deployment requirements of Active divisions. DOD agreed that consideration should be given to alternatives to reorganizing the three brigades in Europe and said that the Army is to complete a study of the proposal as part of the Planning, Programming, and Budgeting System. On the elimination of a parent division, DOD said that it is premature to consider this until a fair test is made.

### Army National Guard and Army Reserve

The Commission stated that Army National Guard and Army Reserve units presently in the low-priority category might be prime candidates for conversion to light antitank missile battalions. Such battalions are needed because the Warsaw Pact Nations have positioned some 20,000 battle tanks in Central Europe.

The eight National Guard divisions should be kept intact during peacetime. However, the battalions and brigades of these divisions should be affiliated with the Active Army units for training and support. During mobilization these National Guard divisions should be deployed intact. But, depending on their readiness and the situation, National Guard battalions could be used for replacement in Regular Army divisions. These deployed battalions would be replaced by new units within the National Guard division.

The Department said that it agreed with the concept of using low-priority units for conversion to antitank missile battalions and stated a feasibility study was being conducted by the Army. The study was to be completed by December 31, 1976. DOD commented that Guard and Reserve units cannot achieve the same readiness levels in peacetime as Active units, but that Guard deployment response times can be shortened by improving manning and equipment status, by concurrent training of brigades and division staffs through simulators, and other actions.

DOD did not concur with DMC's concept of using the Army's affiliation program only for training and support purposes because the primary thrust of the program is to improve early deployment.

### Navy

The Commission urged, in general, that the Navy be strengthened, specifically in antisubmarine forces. It said that even though the Navy had justified the general purpose Active Forces needs, a decrease in routine operating tempo should be considered to ease the strain on resources.

As the Navy becomes more aware of what ships will make up the fleet in the future, and as it improves its process for determining the requirements for manning those ships, the Navy manpower requirements should be redefined.

The Department basically disagreed on the need to strengthen antisubmarine forces because the Navy had shown marked improvements in this area. DOD stated that it is more urgent to strengthen the anti-air warfare forces, but improvements are not possible until AEGIS (a new, highly sophisticated weapon system) is introduced into the fleet, which cannot be before 1982.

DOD further disagreed on decreasing the operating tempo of ships, saying that such action would adversely affect

readiness which is already at a marginally low level. DOD said that the only way to reduce operating tempo without seriously affecting readiness is to curtail deployments, and this would have a positive effect on retention.

DOD said that the Navy will refine its manpower requirements as more definitive information becomes available.

### Naval Reserve

The Commission was critical of the utilization of the Navy's Selective Reserve. It said that there was a need to clarify Reserve missions so that the Reserve can define requirements and stabilize its programs. Further, there was a need to improve top-level management and support of Naval Reserve units. DMC also said that individual Reserves could be used in augmenting active duty personnel to bring ships to full manning and to achieve a more cost-effective active duty and Reserve personnel mix.

DOD said that the Navy, during the past years, has taken many steps to improve the Reserve organization, operation, planning, and administration and that efforts are continuing which will result in a stronger, more responsive Reserve.

DOD stated that affiliation and training programs are being implemented to the extent that location, personnel availability, and transportation costs make it practical. DOD said the Navy began programs to provide weekend training aboard fleet units for those Reservists who are scheduled to mobilize aboard active ships.

### Marine Corps and Marine Corps Reserves

The Commission commended the Marine Corps for recent action in improving its policies, standards, and procedures for quality recruiting and testing and for eliminating unwarranted or unneeded personnel. The Commission stated that some manpower savings could be used to restore units to authorized manning levels.

The Commission also recommended that the Marine Corps expand its Selective Reserve to include an associate program specifically for highly skilled aviation personnel who currently cannot be accommodated in the Reserves because there were not enough spaces available when they completed Active duty commitments. It was suggested that such personnel could be assigned directly to Active duty organizations to continue training in the Selected

Reserve because this would provide the capability to meet mobilization needs and would be more cost effective.

DOD concurred with the DMC's favorable comments. Regarding the Reserves, DOD said that an associate program might be desirable to the extent highly skilled aviation personnel can be accommodated and not become excess to needs. DOD said, however, if these individuals become excess to mobilization requirements, retaining them could divert resources from more critical requirements.

### Air Force

The Commission believed that every effort should be made to accommodate planned additional wings within the existing base structure or even to reduce the number of bases with substantial savings. The Commission commented that a more cost-effective military-civilian force mix could result through a review of mobility requirements where some wings could be relieved of redeployment responsibility. DMC was very critical of the Air Force support organization, saying that it was more heavily military than necessary, and suggested a review of this area.

On the DMC recommendation to minimize support costs, DOD concurred that there is potential for savings in support costs through multimission basing. DOD said that multimission basing decisions must consider items such as existing facility availability, required construction, availability of weapons ranges, and recurring annual operating costs to insure the best overall outcome.

The Department commented on DMC's recommendation to provide a more cost-effective force mix by saying that military personnel must man those wings which deploy. DOD said that nondeploying support could be provided by either civilians or contractors, but there would also be a need for some military personnel in these units.

DOD responded that military personnel normally are assigned to certain positions requiring skills and knowledge acquired through military training and experience and such experience is essential to assume responsibilities necessary to maintain combat-related support and for proper individual career development. DOD did state, however, that it is studying the least costly work mix consistent with military requirements.

## Air National Guard and Air Force Reserve

The Air Force has an associate program under which Reserve military airlift units are colocated with active units of the Military Airlift Command and fly and maintain Active Force aircraft. The Commission praised this program for its economic and operational advantages, and suggested that it be expanded to include missions which were not a part of the program so as to provide needed capability in time of conflict. DMC said it would be possible to associate Reservists directly with Active duty tactical fighter or reconnaissance squadrons.

The Commission further recommended that Air National Guard State headquarters manning levels be reduced (based on Air Force study findings of June 1975). It also believed the Air Force Reserve subordinate headquarters should be reduced to two Reserve regions. It was stated that support functions should be consolidated at facilities that have more than one Reserve component squadron. Active duty advisors in Reserve component units should be reduced when the units are marginally ready or better.

DOD said it would have to further study the concept of expanding its associate program as suggested by the DMC. A 2-year test of the concept of utilizing Reservists to augment an Active fighter/attack unit began in October 1976.

The Department said that it supported the findings on Air National Guard staffing levels and intended to develop revised manpower packages/guidelines to reduce them by about 400 spaces in calendar year 1976. The Air Force is also evaluating the Reserve region's functions, organization, and manning mix and said that a deadline would be set for completing the evaluation.

DOD concurred with reducing Air Force advisors at a point when the unit is near readiness levels. DOD said that to insure continued capability to mobilize a combat-ready unit within 24 hours and deploy the unit within 72 hours, advisors should not be withdrawn before the unit reaches a better than marginal readiness status.

### Other Reserve issues

The Army and Air Force components use civilian technicians to provide day-to-day continuity in the operation of their Selected Reserve units. Navy and Marine Corps Reserve components use Active or Reserve personnel on

full-time Active duty to perform the above functions. However, the civilian technicians, with some exceptions, are required to be members of the Reserve unit as a condition of employment and if membership to the unit is lost, they must lose their technician job in the Selected Reserve. As a result, these technicians occupy dual status (civilian and military) for the same job.

The Commission concluded that replacing Army and Air Force technicians with Active duty Guardsmen and Reservists will result in substantial savings. This would eliminate dual pay and retirement for what in essence is the same job, and any implementation of this change should be done to insure fairness to those involved.

DOD said that DMC's recommendation concerning the replacement of the Army and Air Force Reserve technicians with Active duty personnel has merit, but must be thoroughly reviewed to insure

--that needs of the components are met and

--identification of costs and/or savings.

DOD said that changes associated with National Guard personnel will have to be under legal authority to preserve State control of those in militia status, and that the recommendation was being reviewed within the Office of the Assistant Secretary of Defense, Manpower and Reserve Affairs.

#### BASE OPERATING SUPPORT

Base Operating Support (BOS) includes a wide range of services, such as transportation activities, road construction and maintenance, trash and sewage disposal, food services, laundries, housing, etc. As stated by the Commission, the BOS segment of the support forces involved about 535,000 personnel at the time of the DMC report--approximately one out of every six people in the entire Defense establishment. After reviewing this area, the Commission recommended that:

--A long-range program be established for closing certain unneeded bases.

--Contracting services be used where feasible and in areas where they would not affect mobility requirements.

--Efforts should be made to improve and standardize techniques for comparing costs of work of contractors and Federal employees for more valid comparisons.

--The relative capabilities and the costs of each of the types of manpower that make up the BOS force (Active military, civilian, Reservists, and private businesses) be determined.

--Management of BOS should be integrated within each service with a focal point at the OSD level.

--Each of the military services try not to have enlisted personnel working with civilian blue collar personnel (commingling).

--Management should reduce costs through substitution of capital equipment for manpower where possible.

DOD said that it recognizes the desirability of re-aligning the basing structure and closing excess bases insofar as practical in a long-range program and said it was studying how to make base planning more systematic. There was no target date given for completing the study.

DOD concurred that substantial savings may be obtained through contracting for services. DOD said it was trying to develop standardized tools, systems, and costing procedures for uniform application at all DOD installations. This will be used to accurately compare costs of contractor versus in-house services and to determine the least costly work mix. Again, there was no target date for completing the study.

DOD doubted that the relative capability of the four kinds of manpower can be isolated for a meaningful measurement. According to Defense, it is better to specify the required capability of a unit, installation, or function and determine which type of manpower can perform the function at the least cost, consistent with other requirements. DOD said that all BOS matters were assigned to Office of the Assistant Secretary of Defense, Installation and Logistics, and efforts were initiated to develop a management planning and programing system.

DOD disagreed with the DMC on the commingling of personnel. DOD said that commingling is a long established principle of an integrated work force needed for total production capability and mission accomplishment. DOD

said that the problems encountered are those of management and are not caused by commingling employees.

DOD recognizes the opportunities to reduce costs through use of capital equipment versus manpower, and since many of its activities require much manpower considerable cost savings are possible. DOD said it has

- approved a change in industrial fund regulations which provide managers with greater financing flexibility,
- directed each military department to program \$10 million in fiscal years 1977-82 to finance fast payback equipment, and
- required each DOD component to identify opportunities for use of fast payback capital investments.

#### HEADQUARTERS STAFFING AND COMBAT-TO-SUPPORT RATIOS

The Commission recognized DOD's efforts to reduce headquarters staffing and recommended the continuation of these efforts. On Force structures and combat-to-support ratios, it was recommended that the issues of U.S. Force structure be determined on their own merits not on Soviet or other foreign countries' ratios.

DOD said that the efforts to reduce headquarters staffing will be continued and supported. DOD agreed with the DMC's conclusions that the United States should regard its Forces on their own merit in determining combat-to-support ratios. DOD said that combat-to-support ratios are of dubious value in assessing Force structures and comparisons of such ratios invite erroneous conclusions.

## CHAPTER 5

### RECRUITING, SELECTING, AND RETAINING PERSONNEL

The Defense Manpower Commission examined the services' recruiting programs, looking at such issues as (1) quality of recruits and recruiters, (2) methods of recruiting, (3) recruiters' training, and (4) management of recruiting programs. The services also are concerned about selecting the right person for the right job. In this context, DMC analyzed the services' selection techniques to obtain qualified applicants.

Programs which affect recruiting and selecting are those which contribute to retaining quality personnel. DMC also examined these programs. Significant reductions in recruiting efforts can be achieved by reducing the number of recruits needed.

#### RECRUITING

The DMC recommended that each service designate one commander to be responsible for recruiting and recruit training and that, to the extent possible, DOD combine the Active Forces' recruiting programs. DOD concurred in these recommendations and agreed to undertake a feasibility study. The Office of Assistant Secretary of Defense, Manpower and Reserve Affairs, was designated as the responsible office; however, there was no target date for completion of the study.

The DMC commended the current practices of screening and selecting Active duty personnel as recruiters, and recommended that similar practices be established for the National Guard and Reserve recruiters.

The DMC further recommended that

- each service should retain its own recruiting school and should be used for Active, National Guard, and Reserve personnel;
- all recruiters be advised by higher headquarters personnel on how best to use their time in the recruiting process;
- a recruiter's effectiveness be measured by the success or failure of the individuals recruited.

The DMC suggested that the allocation of local command recruiting quotas be based upon local residents' attitudes, local residents' propensity to enlist, and local economic conditions rather than solely on data in the latest census. DMC also stated that local command objectives be jointly established with higher headquarters, and that the field commander be given the authority to manage within overall targets for recruits.

DOD concurred in the recommendations, stating that the services currently allocate recruiting quotas in a manner similar to that recommended by the DMC.

DMC said that costs for recruiting were not comparable among the services and were not even comparable within a service because of differences in how the National Guard, Reserve, and Active Duty costs were determined. DMC recommended that the Secretary of Defense establish common, all-inclusive definitions and that the services use these standard definitions for Guard, Reserve, and Active duty recruiting. DMC said that these standards should be used within DOD for budgeting, costing, and managing the recruiting process.

DOD concurred with these recommendations and stated that efforts are currently underway at the Secretary of Defense level to standardize cost and budget definitions to the maximum extent possible. DOD believed that the differences between Active and Reserve recruiting are significant enough to preclude common measurements of recruiting efficiency. DOD stated that a deadline would be set for this effort, but none was included in the response made available to us.

DMC also recommended that DOD identify Active duty, National Guard, and Reserve staff-years devoted to recruiting qualified officer and enlisted personnel. The DMC further recommended that DOD use this analysis to establish a standard measurement system which would accurately assess the effectiveness of recruiting personnel and the staffing of the recruiting programs. DOD concurred with these recommendations and agreed to study them.

The DMC recommended that the services and their Reserve components evaluate the effectiveness of recruit advertising. The DMC also suggested that Active, National Guard, and Reserve advertising budgets be reduced to eliminate waste and encourage efficiencies in such areas as printed media placement, direct mail campaigns, promotions, and market research.

DOD concurred that advertising tests should be conducted, and stated that in April 1976 all services formed a Joint Analysis and Market Research Committee to research recruiting/advertising effectiveness. However, DOD did not agree to reduce the advertising budgets.

The DMC also recommended that DOD establish a central source of management information on services' recruiting efforts. DOD concurred and stated that the recent reorganization of the Office of the Assistant Secretary of Defense for Manpower and Reserve Affairs established a central source for management information on the services' recruiting efforts.

In reviewing the quality of applicants recruited, the DMC concluded that

- there has been a general improvement in the average education and mental group levels in the Active forces;
- the Armed Forces are now, as always, drawing their strength principally from the middle class, and there was no evidence to suggest that the Armed Forces are now or are in the danger of becoming a "poor man's army;" and
- the number and percent of blacks in the Armed Forces has increased, and this has not affected the ability of units to carry out their missions.

The DMC recommended that enlistment standards be fixed at the level which will bring the largest number of possible recruits under consideration for selection and assignment, and that enlistment decisions be based on the relative suitability of the applicant for specific occupational assignments. DOD concurred in this recommendation, stating that the current recruiting policy is to maximize quality by periodically adjusting selection criteria.

The DMC also recommended that new enlistment incentives and options be considered for the National Guard and Reserve programs to achieve a higher level and quality of recruits without prior military experience. DMC also believed that all Active, Guard, and Reserve guarantees and incentives should be periodically adjusted depending on changes in the market and on the need to attract people at the time.

DOD concurred, stating that the quality and quantity of recruits for the National Guard and Reserve components is of continuing concern to the DOD, and that enlistment incentives

for Active, Guard, and Reserves are continually reviewed by DOD to insure that enlistment options offered are compatible with recruiting market conditions.

### SELECTING

The DMC's discussion mainly related to the testing of applicants. The DMC recommended that a single mental test be used for all applicants, i.e., Active, Reserve, and Guard. It was recommended that there be a policy of frequent test changes, scrambled versions and other controlling devices, and that the test be administered by someone independent of the recruiting force. DMC further recommended that the services:

- Develop selection tests to predict occupational survival rather than training success of new recruits.
- Examine the feasibility of expanding tests to more accurately predict recruit performance in specific occupations rather than occupational clusters.
- Evaluate the screening process continually to determine how occupational selection standards can be adjusted to meet changes in supply and demand.
- Evaluate the selection and assignment process to identify alternative selection standards that would sustain manpower demands at reduced costs.

DOD concurred, stating that effective January 1, 1976, the Army became exclusive agent for centralized management of enlistment testing. Moreover, Defense said a common test is given to Active duty, National Guard, and Reserve applicants that are examined at either Armed Forces Examining and Entrance Stations or by various mobile testing teams. DOD agreed that a test which predicts occupational survivability would be extremely useful, and agreed to explore the feasibility of developing such a test.

The Department stated that many other factors had an extreme effect on a member's occupational survivability and that good training increased the member's chances, regardless of career field. DOD further stated that some services periodically adjust occupational selection standards while others maintain a continuous updating process to accommodate varying conditions of supply and demand.

The DMC recommended that service recruiters provide checklists of all available options and guarantees to the

potential recruits and that recruits be given a grace period of 24 hours or more after signing enlistment contracts in which to withdraw their contracts. DMC further recommended that recruits be required to make sworn written statements concerning their medical history or condition, drug use, and criminal involvement.

DOD agreed to explore the feasibility and legality of using sworn statements to ascertain the degree of drug use and criminal involvement as well as the necessity for establishing uniform policies on how much past drug usage was acceptable for initial enlistment. DOD also concurred that a checklist of all available options and guarantees be given to prospective recruits but did not concur with the suggested 24-hour grace period for withdrawal of a signed contract. DOD believes that individual decisions to enlist in a service are normally made before the applicant travels to the examining stations, and giving an enlistee a 24-hour period to change his mind would cost an additional \$8 to \$10 million per year. Again, in those cases where DOD agreed, there was no specific assignment of responsibility or deadline for completing the action.

DMC recommended that the services establish formal procedures for interviewing all personnel who received an administrative discharge to determine whether there was recruiter malpractice. DMC also suggested that all cases of alleged recruiter malpractice be formally investigated by officers from nonrecruit units.

DOD did not concur, stating that a formal procedure for interviewing all administrative discharges would create an increase in administrative burden and cost that DOD believes would not be justified by the current number of alleged recruiter malpractices.

### RETENTION

On the subject of retention, the Commission concentrated on legislative, policy, and procedural changes in the personnel management system for the military career forces.

Basically, the DMC recommended that the philosophy of the personnel management system be changed, that different procedures be implemented so as to emphasize different timing for advancement, and that the length of careers be extended.

The DMC proposed that the career Force be based on requirements tempered by personnel management consideration.

According to the Commission, the career Force should consist of broad categories, such as combat, technical, administrative, and professionals. The DMC further recommended that the management emphasis be on controlling entry into the career Force at 10 years rather than removal from it prior to 20 years. The Commission also suggested that the norm for most careers be 30 years of service with exceptions for earlier retirement as opposed to the current 20-year career with options to extend to 30 years of service. It was the Commission's opinion that this would significantly reduce total manpower costs.

The DOD disagreed with the above DMC proposals. It was the tentative DOD position as of December 31, 1976, that extending the normal military career to 30 years could have a deleterious effect on the first term military. DOD also believed that the requirements-based system was not feasible because of technical difficulties. DOD also believed that those principles with which it concurred had been adequately conveyed in proposed legislation pending before the Congress and that no additional changes or actions were needed at this time.

## CHAPTER 6

### DEVELOPMENT AND UTILIZATION

The DMC pointed out that nearly \$2 billion is spent annually for individual training and education programs for DOD personnel and over 250,000 training man-years are allotted annually to training and education. To help insure that these programs are managed effectively and their graduates used efficiently, the DMC made recommendations for improvements in training, education, and utilization of Department of Defense personnel.

#### TRAINING

##### Precommissioning programs

DMC suggested that DOD review the general practice of requiring service academy graduates entering Active duty to take the same basic training courses as new officers from other commissioning sources. The DMC also noted that using more civilian professors would reduce faculty costs at the academies.

Concerning the Reserve Officer Training Corps (ROTC) program, DMC advised that it be retitled the Officer Training Corps to reflect its current purpose and that restrictions on the number of ROTC scholarships of less than 4 years be lifted to permit flexibility in program management.

The DMC believed the Marine Corps Platoon Leaders Class has helped the Marine Corps compete with other officer commissioning programs for high-quality personnel. This program for college students requires enlistment in the Marine Corps Reserve and involves no on-campus military studies, only summer training sessions. DMC recommended the authority for financial assistance to students in this program be permanently extended and its application be considered for other services.

Although each State except Alaska provides an Officer Candidate School program for commissioning National Guard Officers, the programs have no permanent staff and are conducted on an as-needed basis. Where feasible, the Active force should use its existing schools to train the National Guard officer candidates.

Each service also has a program for sending Active enlisted persons to college for a bachelor's degree and then

to an Officer Candidate/Training School for a commission. DMC supported these programs and recommended they be continued as upward mobility programs.

### Pilot training

To reduce operation and maintenance costs, DMC recommended DOD consolidate undergraduate helicopter pilot training programs at a single location. DOD should also develop plans for consolidation of other undergraduate flight training programs. Increased use of flight simulators and reduced flying hour requirements would also lower costs.

DOD had not taken a position regarding extending the authority for financial assistance to students in the Marine Corps Platoon Leaders Class. It appears that DOD has taken or is taking some action regarding

--continuing enlisted commissioning programs and

--increased substitution of simulator hours for flying hours.

A DOD-sponsored bill was introduced in the Congress in May 1975 to lift the restriction on the number of ROTC scholarships of less than 4 years. Although the bill did not become law, DOD noted no other action was necessary.

DOD generally agreed with each of the other recommendations in the area of training of military personnel. However, in these cases, DOD's action was either (1) in planning stages or (2) limited to a statement that the Department is considering or planning to consider the recommendation.

## EDUCATION

### Professional military education

Professional military education (PME) programs are designed for junior, intermediate, and senior military personnel to provide them with the necessary background at each level for decisionmaking in a military environment.

DMC believed PME achievement should be a prerequisite for promotion. Accordingly, the Commission recommended the services emphasize the role of intermediate and senior level PME schools and send only those persons who have demonstrated potential.

The Commission also noted that the faculties at intermediate and senior PME schools are predominately military. DMC suggested that using more civilian faculty would insure continuity, quality, and specific expertise of high-level professional staff.

Additionally, the Commission recommended the services review their policies concerning PME for Reserve Forces. The services should consider establishing PME courses for each level of responsibility with a combination of a resident and nonresident curriculum to accommodate the Reservist's availability and need. Completion of PME at the appropriate level should be a prerequisite to promotion.

DMC also advocated establishment of a structured PME system for noncommissioned officers with emphasis on leadership skills.

#### Degree programs

The services have identified specific jobs that require advanced degrees--called "validated billets"--and all tuition and school costs are paid for those students selected for advanced degree programs. The Commission questioned whether the process of validating requirements for advanced degrees was appropriate, and recommended instead that the services designate a percentage of the persons in an occupational area who should have advanced degrees. Requirements for graduate level education should also be determined by the needs within an occupational speciality. Because in-house degree programs are much more costly than comparable programs at civilian schools, civilian institutions should be used to the maximum extent practicable to meet graduate education requirements.

Voluntary education programs, where class attendance is mainly accomplished off duty and which are directly related to an individual's occupational duties, should continue to be supported by DOD. Also, if the GI Bill, which provides in-service educational benefits, is terminated, DMC believed DOD should develop a new educational program which would provide an incentive for potential recruits to enlist in specialities which are undermanned.

Under cooperative degree programs, PME courses may be accredited and supplemented with university courses from a cooperating civilian university and an advanced degree awarded. The Commission observed that cooperative degree programs are desirable insofar as emphasis is maintained on professional military education.

## Education and training management

The Commission limited its discussion of the management of training and education to the broad controls over the quality of the program, the quality of students, and the activities of the Inter-Service Training Review Organization (ITRO), which makes recommendations on the potential for interservice training in common enlisted occupational areas. In this connection, DMC recommended that:

- The policy functions for training and education at the Office of the Secretary of Defense (Manpower and Reserve Affairs) level be combined to insure consistency of policies.
- The combined training and education function, recommended above, be charged with the review of the ITRO program to insure effectiveness of the training and education programs.
- Quantitative data required for congressional control of training loads be consolidated into the Military Manpower Requirements Report.

In the education area, DOD had not yet taken a position regarding

- continued support of voluntary education programs and
- development of a new educational enlistment benefit in the event the GI Bill is terminated.

DOD did not concur in the DMC recommendation to combine the policy functions for training and education at the Office of the Secretary of Defense (Manpower and Reserve Affairs) level. DOD believes the current separate responsibilities are properly placed.

For two recommendations, DOD agreed and noted it was the Department's current policy or practice to

- emphasize the role of intermediate and senior level PME and
- use civilian institutions to the maximum extent practicable in meeting graduate education requirements.

DOD plans no further action on these recommendations.

Although DOD generally agreed on the remaining issues, action was limited to giving consideration to the subject areas. However, no specific action was stated as being planned or taken.

## UTILIZATION

Training and education are only part of the total development process. Together, they provide a foundation for proficiency, which is acquired on the job. Effective utilization begins with assigning persons with the right training and experience to the proper job. In this regard the DMC discussed current practices which have an adverse or positive effect on productivity, requirements, and/or national policy.

### Personnel rotation systems

The two acceptable methods of deploying units overseas involves (1) rotating organized units between the continental United States and overseas and (2) replacing personnel on an individual basis. The DMC believes the Navy's requirement to deploy ships and crews makes the unit rotation system the most effective. However, DMC believed the required overseas forces of the Army and Air Force should be maintained on an individual rotation system. The services should also continue current efforts to manage tour lengths in the United States, and authorize dependents to accompany their military sponsors on overseas assignments whenever mission and support capability permit.

### Civilian personnel structure

The DMC discussed the civilian personnel structure as it relates to those employees in the General Schedule (GS) ranging from GS-1 to GS-18. DMC noted that, except for the highest grades, position vacancies are known only in a very limited geographic area. Because this limits the quality and quantity of applicants for each position, vacancies at the GS-12 level and above should be advertised throughout DOD. Also, DOD should emphasize the need for its managers to understand and use the policies and directives governing civilian personnel.

The DMC pointed out two areas, retirement and the Veterans' Preference Act, needing legislative change. Regarding retirement, DMC believed Section 8335, Title 5, United States Code should be amended to lower the age for mandatory retirement from 70 to 65 years with provision for extended service from year to year upon written

approval of the agency head. This should give management more control over when vacancies will occur and permit more realistic planning to fill those vacancies.

When decisions must be made on which workers will be retained during a reduction in force, veterans have preference over nonveterans regardless of seniority or quality. DMC recommended that, to insure consistent merit principles, the Veteran's Preference Act should be amended to eliminate Veterans' preference as a factor in determining retention rights during a reduction in force.

Additionally, DMC recommended that DOD:

- Discourage the use of attrition and cancellation of vacant positions as a means of reducing the work force.
- Insure closer coordination between military and civilian personnel managers in determining whether a new position is to be filled by a military or civilian employee.
- Take the initiative in helping establish a standard for common occupations which would bring about a closer relationship between military and civilian jobs.
- Insure that current service plans for civilian career development programs be implemented according to schedule.

DMC was also concerned about civilian education programs and noted that funds for civilian education should be used only for that purpose.

#### Minority groups within the DOD

DMC defined a minority group as being a smaller element of the population that differs from the general majority population in racial, ethnic, and cultural background. Blacks, persons of Spanish surname, Orientals, and American Indians are minority groups. Women are also considered to be a minority group.

The DMC took a close look at how minority group persons are utilized and how they are faring in the services. Major areas of concern centered around (1) procurement and

retention of minority personnel and (2) attitudes toward women.

Concerning minority officers, DMC recommended

- DOD develop a policy to assist the services in minority officer procurement,
- programs be strengthened at predominately minority colleges which historically have produced the bulk of minority officers, and
- programs be devised to reduce the rate at which minority officers leave the services.

Regarding women, the DMC believed they should only be assigned to those jobs where mission capability will be improved or maintained and not to all jobs irrespective of the consequences.

In this connection, the DMC recommended that the services establish physical and mental qualifications for jobs. Persons who meet these qualifications could serve in those jobs without regard to sex.

The best way for attitudes toward women to change is to have problems recognized and addressed properly. Acceptance also has a bearing on performance and utilization, and DMC pointed out that one method of increasing acceptance is for the services to give special attention and recognition of the performance of women and establish a means to attain public acknowledgement.

DMC concluded that DOD cannot be lax in its efforts to achieve equal opportunity for all persons, and discrimination must be identified and eliminated at every level within DOD.

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The Department's tentative response did not include a position regarding lowering the mandatory retirement age for civilians to 65.

Of the other DMC recommendations, DOD did not concur with advertising GS-12 vacancies throughout DOD mainly because of the the tremendous administrative work overload the Department believes this action would create. DOD did, however, support Department-wide advertising of higher level positions.

DOD did not agree that attrition and cancellation of vacancies should be discouraged as a means of reducing the work force, but should be used to the extent practicable.

In addition, DOD pointed out that decisions regarding the designation of a new position and whether the position should be filled by a military or civilian employee was made by the manpower programmer. Military and civilian personnel managers do not become involved in this determination. DOD policy is to designate the position as being either military or civilian at the time it is established.

For the most part, DOD agreed with the remaining DMC recommendations and said that it is taking or plans to take some corrective action.

## CHAPTER 7

### COMPENSATION AND RETIREMENT

Compensation and retirement for DOD personnel were two issues which the Congress specifically asked the Defense Manpower Commission to address in its report. For ease of analysis we categorized compensation into (1) the principles of compensation, (2) the Federal Compensation Board, and (3) other elements of compensation. We addressed retirement and other benefits as a single category.

#### COMPENSATION

##### Principles

The compensation of most Federal civilian employees is governed by the principle of comparability with private enterprise pay for equivalent levels of work. Military pay is not governed by this principle; however, annual increases in military pay are based on the average annual increase granted Federal civilian employees. The DMC rejected the current use of the comparability principle and stated that the dominant compensation principle should be competitiveness. That is, in the long run, compensation should be adequate to attract and retain the quantity and quality of people needed, but it should be no more than is necessary for this purpose. According to the Commission, a compensation system should be equitable and efficient, and it should motivate and reward superior performance. Although tentatively concurring with this, the Department stated "No other action required."

##### Federal Compensation Board

To implement the recommended principles of compensation, the DMC proposed the establishment of a full-time independent Federal Compensation Board with a permanent staff funded by its own appropriations and not as a part of DOD's budget. It would be charged with a continuing review of the entire range of compensation issues. The Commission also made recommendations for the Board's makeup, procedures for the Board to follow, and the subjects which the Board should consider.

DOD opposed the establishment of such a Board and did not comment on most of the DMC's observations. However, DOD stated it will study some of the procedures and subjects, such as (1) accruing the liability for retired pay, (2) revising proposed legislation for integrating retired pay

and social security, (3) a new military disability retirement system, and (4) the existing survivor benefit plan. No action office was identified, nor was any target date established.

### Other elements

Other recommendations addressed by the Defense Manpower Commission were that:

- Regular military compensation (RMC), which is the basic pay of the individual plus quarters, subsistence, and tax advantage, should be converted to a salary system, and differences in pay because of marital status should be eliminated.
- All compensation items which are computed as a multiple or fraction of a part of RMC should be analyzed and alternative methods of payment adopted when they more efficiently achieve the purpose of the item.
- There be no change in existing geographic differential pays for military personnel.
- Salaries not include an across-the-board additional amount because of any special disadvantage associated with a military career.
- The salaries of general and flag officers fall under the jurisdiction of the Commission on Executive, Legislative, and Judicial Salaries, and that the method by which the Congress agrees to or opposes changes in those salaries be altered.

The Department of Defense had expressed no tentative position on these items.

### RETIREMENT AND OTHER BENEFITS

The Commission believed that the proposed Retirement Modernization Act (RMA) should not be passed. DOD strongly supports congressional passage of the RMA and rejected the recommendation of the Commission. The Commission also believed that the DOD budget should reflect the true costs of resources. Currently the budgets of the individual services do not reflect the cost of future military retirement payments.

DOD agreed and said that alternative ways of budgeting are currently being studied, and stated that no other action was required.

The DMC stated that the military retirement system was not comparable to the Civil Service Retirement System but was more generous. The DMC believed that the Civil Service Retirement System should be made noncontributory, social security coverage be extended to civil service employees, and the military system should remain noncontributory.

DOD agreed that the military system is not comparable to the civil service system. It believed that this generosity was justified on the basis of retirement systems for others in comparably dangerous occupations. The noncontributory feature of military retirement was assigned for future study. The civil service system should remain contributory and not include social security because of the high costs of such a change.

On the basis of the career patterns previously suggested, the DMC recommended different methods to earn and pay military retirement. The DMC also believed that military personnel should have the noncancelable right to a pension either through vesting or severance pay if terminated prior to retirement.

In some instances DOD agreed with DMC, but again there was no assignment of responsibility nor was there a target date for completion. In other cases, DOD disagreed or deferred an opinion until the revised career pattern could be studied. This is the same issue DOD had earlier rejected.

The Commission suggested that the present military disability retirement system should be reviewed and reconstructed in conjunction with the nondisability retirement system. DOD strongly disagreed, saying that it would be very costly and extremely difficult to administer.

The Commission recommended that medical, commissary, exchange, and base privileges not be extended to the deferred annuitants (as defined in the RMA and DMC revised career patterns) except for retired Reservists more than 60 years old.

The Department agreed, saying it opposed the extension of these benefits to any additional groups since this would diminish the value of these benefits to those for whom the benefits were intended.

The Commission also recommended consumer price index adjustments to annuities under the Retired Servicemen's Family Protection Survivors Plan since this is the only major Federal Government-sponsored annuity not so adjusted.

The Department concurred and proposed legislation to do this.

According to the DMC, military service should not count toward retirement under other Federal retirement systems nor should other Federal service be credited toward military retirement. Authorizing legislation on these matters should be repealed. The DMC also recommended that dual compensation laws be repealed because military retirees are penalized if they subsequently work in the Federal Government.

DOD did not state a position on these matters.

The objectives of benefit plans, according to the DMC, are to "(1) provide a coordinated military estate program; (2) provide benefits economically; and (3) foster efficient administration of these benefits." These objectives should be recognized and stated in the military benefit plans.

DOD cited its actions on the military estate program where it integrated social security annuities, survivor benefits, and retirement payments as a step toward coordination. According to DOD, no other action was required.

The DMC also recommended that the term "veteran" be redefined so as to limit the number of exservicemen entitled to veterans' benefits. They also suggested that benefits for life insurance and burial allowance remain unchanged.

The Department disagreed that "veteran" should be redefined but agreed with the other recommendation.

## CHAPTER 8

### FUTURE OF THE ALL VOLUNTEER FORCE

The DMC devoted some of its efforts to studying the sustainability of the All Volunteer Force (AVF) during the period 1976-85. The Commission credited the services' accomplishments in meeting present manpower requirements, but expressed concern over the future sustainability of the AVF, particularly the Reserve components. The Commission said that

"Under certain employment situations, sustaining the force should not pose problems; however, under conditions of full employment, DOD and the Congress may have to take actions to provide the Services with the required numbers of quality accessions."

In analyzing the AVF's sustainability, the Commission studied the

- supply and demand of manpower,
- mobilization problems within the Individual Ready and Standby Reserve System,
- current problems within the Individual and Standby Reserves, and
- the impact of reductions in Selective Service activities.

The Commission projected how differing economic conditions affect whether the 18-year-old male population would enlist.

Based on its analysis, the Commission stated that active service demand can likely be met without great difficulty if there is a slow or moderate economic growth during the next decade. A climate of rapid economic growth, however, usually leads to increased employment thereby reducing the number of people (supply) available for enlistment. If rapid economic growth is the case, the Commission projected significant difficulties for 1983-85, but believes actions can be taken by the services to make up for major shortages of manpower through changes in (1) military compensation, (2) enlistment bonuses, (3) enlistment standards, (4) occupational selection standards, and (5) increased selection of women applicants.

The Commission observed, however, that more women recruits will only make up for major shortages if a proportionate number of men will accept combat assignments, and said that aside from a forced enlistment, raises in military compensation offer the most direct means of attracting increased numbers of applicants.

The Commission qualified its projections, stating that they were based on gradual changes in civilian employment. They said that sudden, temporary employment changes could even cause shortages during moderate or slow economic growth conditions as well as during rapid economic growth.

#### SELECTED RESERVE RECRUITING PROJECTIONS

The Commission concluded that Reserve recruiting prospects in the period 1976-85 are less favorable than prospects for Active Force recruits, although requirements can likely be met during slow or moderate economic growth. It said that the actions which can be taken, however, may not prove sufficient during a period of rapid economic growth. The Commission presented factors which contribute to these conditions as follows:

--The majority of Reserve and Active duty recruits without previous military experience will be drawn from the same pool, and as a result Active duty recruiting programs will compete with Reserve efforts for the same people.

--Approximately one-third of Reserve recruits have no prior service experience.

Further, the Commission said that an unexpected loss of prior service recruits would create increased demand for personnel without prior service.

The Commission contends that if rapid economic growth and major shortages occur, then significant policy changes on Reserve recruitment and compensation may be needed. The Commission pointed out that Selected Reserve organizations may not be located where they can best recruit. The Commission also said that although a two-fold increase in pay might be sufficient to induce people to enlist in the Reserves, under existing law the rate of Reserve pay is tied to Active duty base pay. A change in law, therefore, may be needed as doubling Reserve pay would be a result of doubling Active duty pay and be prohibitively expensive.

In view of the above conditions, the Commission recommended that DOD:

--Conduct further evaluations of geographic, economic, and social trends on a continuing basis to provide for adequate planning based on the most current possible projections of supply and demand.

--Develop comprehensive plans to implement the specific actions and policies that will serve to overcome a major shortage in Active or Reserve recruits resulting from unfavorable supply and demand conditions.

The Department agreed with DMC's position in this area. DOD said that the services' market research programs evaluate geographic, economic, and social trends for possible impact on the success of the AVF. Further, the services attempted to adjust recruiting practices to accommodate changes in the marketplace. DOD said it recognizes the importance of the DMC's recommendations and is continuing its current efforts and that no other specific action on the DMC's recommendations was required.

#### MEETING MOBILIZATION REQUIREMENTS

The Commission doubted that even in the most favorable conditions enough additional volunteers would be available to meet sudden increases in demand for military manpower resulting from outbreaks of hostility or from tense international situations. To meet the sudden need, the Commission recognized that the services traditionally draw resources from Reserves and Selective Service inductees.

The Commission devoted its discussion mainly to the readiness of the Individual Ready Reserves (IRR) and Standby Reserves. It also studied the smaller Selective Service System's ability to induct people.

The Commission said that the size of the IRR and Standby Reserve manpower pools will be significantly smaller than DOD projected in its 1975 Total Force Study. DOD, during congressional testimony in January 1976, said that the Total Force Study's pool projections were overstated in that the fiscal year 1980 pools would be about one-third the size of the study's projections.

Other mobilization problems the Commission noted were

--the time involved between recalling Reservists and assuming of military duties appears lengthy;

- many of the IRR and Standby Reservists would be unable to do their jobs due to either health problems or need for retraining;
- personnel management of the IRR and Standby Reserve components was inadequate as no DOD-wide mechanism exists for maintaining and updating personnel data for other than Reservists who train regularly;
- some Reservists vital to mobilization may have crucial jobs in civilian life; and
- Reservists excess to one service's mobilization needs cannot be used to fill a shortage in another service, even though the required duties are similar.

To overcome these problems, the Commission made numerous recommendations including

- making women have the same Reserve obligations as men,
- requesting the Congress to abolish the Standby Reserve and increase the time required to be served in the Ready Reserve,
- reevaluating all of DOD's calculations involving the use of IRR and Standby Reserves after mobilization,
- designating Ready Reservists having crucial civilian jobs as "being temporarily unavailable,"
- deferring DOD's proposal to extend the IRR obligation of exservicemen pending the results of its reevaluations and recalculations, and
- evaluating the effectiveness of substituting newly trained recruits for recruits who may be delayed in reporting to duty.

The Commission concluded that even with the foregoing measures there will remain a critical shortage of trained individual Reservists to fill units and to replace casualties in the event major hostilities occur before trained draftees would be available under a reactivated Selective Service System. Therefore, the Commission pointed out the necessity for an efficient standby Selective Service System that would be operationally ready immediately in the event of mobilization.

In response to the DMC's recommendations, DOD said the Army, which has the major problem in meeting requirements, was in the final phase of a quantitative and qualitative review and analysis of the IRR and is testing some changes in procedures for call up of Reservists. DOD said that the above should shorten the response time to mobilization and improve IRR management. In addition, DOD said it had increased the emphasis on identification and transfer of key Federal employees and is considering procedures for an annual screening of nonmobilizable personnel.

DOD said it already plans to use newly trained entrants to meet mobilization manpower requirements which they are capable of meeting. However, recruits must have received 3 months of training before assignment to operational units. DOD said members of the IRR who would report late and Reservists in need of extensive retraining are not counted in making availability estimates.

DOD also said it was reviewing several mechanisms to address the problem of an inadequate number of trained people available in a national emergency, one of which was to extend IRR obligation. Such an extension would be used only in a true national emergency, when these people would likely be called up anyway. The only difference would be in the timeliness associated with the recall action, based on the ability to preplan.

#### STANDBY DRAFT

The Commission pointed out that the key element of the standby draft system was the time it would take to begin induction after an emergency situation. The Commission stated that the Congress in 1971 included a standby draft requirement in Section 10(h) of the Military Selective Service Act. Section 10(h) reads as follows:

"The Selective Service System \* \* \* shall \* \* \* be maintained as an active standby organization, with (1) a complete registration and classification structure capable of immediate operation in the event of a national emergency, and (2) personnel adequate to reinstitute immediately the full operation of the System \* \* \*."

The Commission indicated that since the passage of the act, there have been several attempts to repeal Section 10(h) and cut standby draft funding.

In fiscal year 1977 the Selective Service System was funded at about \$7.9 million and in fiscal year 1978 the

budget estimate is \$6.3 million. Of the above amounts only about 35 percent and 37 percent respectively were directed to mobilization readiness. This effectively put the draft in deep standby and permits the retention of only a mobilization planning function at headquarters.

The Commission concluded that in international crises when time may be most critical, a modest savings of about \$12 million per year has no relation to the risk involved. Further, the reactivation of a Selective Service System could be regarded as a hostile act with critical domestic and diplomatic implications.

As a result the Commission recommended that

- the Standby Draft System be reconstituted with adequate funding to provide a capability to commence inductions within 30 days,
- a regional capability for operating the system be maintained, and
- annual registration and initial classification be resumed.

One Commissioner did not support the Commission's views on a standby draft system. He believed that a large Reserve Force, one really ready that can be called into Active duty in a matter of days in the case of emergency, was vital to our national security.

Regarding the Commission's recommendations, DOD said that in the initial months of an intense conflict, its need would be for trained and experienced military personnel. The role of the Selective Service is to assure the supply of untrained entrants. DOD said the Director, Selective Service, advised that there would be a 2-month delay in providing the first draftees as compared to the response time of a fully operational system. DOD said that this is an acceptable risk provided the requirement for trained personnel has been met, but the risk is lessened if draftees are provided earlier. In DOD's opinion, the Director of Selective Service should be encouraged to develop plans and procedures which will enable the System to emerge from a standby posture, conduct registration, and provide the first draftees without the 2-month delay.

DOD disagreed with DMC's position that the reactivation of the System would be regarded as a hostile act. DOD

said that during an international crisis requiring mobilization, a number of major activities would occur (troop movement, activation of Reserve units, requests for induction authority, etc.,) and the expansion of the Standby Selective Service System would be of minor significance.

LLOYD BENTSEN  
TEXAS

COMMITTEE:  
FINANCE  
PUBLIC WORKS  
JOINT ECONOMIC

## United States Senate

WASHINGTON, D.C. 20510

November 9, 1976

The Honorable Elmer B. Staats  
Comptroller General of the United States  
441 "G" Street, N.W.  
Washington, D.C. 20548

Dear Elmer:

As you know, we are intensely interested in our Nation's defense manpower capabilities. In this regard the Congress established by statute the non-partisan, independent, Defense Manpower Commission (DMC) to conduct a two year study and report its findings back to the Congress and the President. The DMC report of April 1976 entitled "Defense Manpower: The Keystone of National Security" contained almost 300 observations, conclusions, and recommendations to improve defense manpower conditions.

We would appreciate it if you would follow up on the contents of the report. Your follow up effort should include an evaluation of the Department of Defense's (1) decision processes involved in considering and acting upon the Commission's recommendations; (2) decisions regarding recommendations in which the Department disagreed, and their reasonableness; and (3) progress and problems in implementing those recommendations in which the Department agrees. We also invite your opinions on these issues when reporting your findings.

We have informally requested a status report from the Department and we would also like you to evaluate this specific response when obtained.

We believe your first status report would be of great benefit to the new Congress after it reconvenes in mid-January 1977, and we are, therefore, requesting it for mid-February 1977. Thereafter the Congress should receive progress reports on these matters on a semi-annual basis. Your

The Honorable Elmer B. Staats  
November 9, 1976  
Page 2

evaluations will be of material benefit to the Congress during the authorization, and appropriation hearing, and the debates on the Department's annual budget request.

In our opinion, these purposes can best be served by issuing your reports to the full Congress. We do not believe that requesting formal comments will serve a useful purpose although we have no objection to your discussing the reports with responsible Departmental officials prior to their issuance.

In closing, we would observe that this request does not constitute an endorsement of any of the recommendations made by the Manpower Commission. Defense manpower utilization and costs are becoming increasingly serious problems, and a number of options will no doubt be considered before resolutions are found. The DMC's findings represent one attempt to address those problems, and they should provide the Department with an opportunity to evaluate them as well. We believe such an evaluation should be made.

Sincerely yours,

  
Howard Baker

  
Lloyd Bentsen

CHRONOLOGY OF DOD ACTIONS RELATED TO DMC REPORT FOLLOWUP

Officially distributed DMC Report-week of 19 April 1976

Requested initial comments from Services-25 March 1976 (prior to delivery of report)

Initial comments from DASD's received-7 May 1976

Initial Service Comments received-circa 15 May 1976

info memo to SecDef on contents of Report signed by Special Assistant-27 April 1976

Numerical listing of recommendations, conclusions, observations distributed-29 April 1976

Received DMC Staff Papers/Made available for use by OSD/Services-7 May 1976

Proposed DOD positions sent for Service coordination-8 July 1976

Service comments on proposed positions received-10 August 1976

Summary of Issues and Tentative Positions forwarded by ASD(M&RA) to SecDef-2 August 1976

Package forwarded to White House by SecDef-8 August 1976

Received bound Staff Studies; distributed-early September-October

Provided GAO cross-index-27 September 1976

Received OMB comments on DOD positions-1 December 1976

Provided GAO copies of finalized DOD positions (bulk of package) as well as 8 July 1976 memo requesting Service coordination-17 December 1976

PRINCIPAL OFFICIALS OF  
THE DEPARTMENT OF DEFENSE

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
<b>SECRETARY OF DEFENSE:</b>		
Harold Brown	Jan. 1977	Present
Donald H. Rumsfeld	Nov. 1975	Jan. 1977
James R. Schlesinger	July 1973	Nov. 1975
<b>DEPUTY SECRETARY OF DEFENSE:</b>		
Charles W. Duncan, Jr.	Jan. 1977	Present
William P. Clements	Jan. 1973	Jan. 1977
<b>ASSISTANT SECRETARY OF DEFENSE (MANPOWER AND RESERVE AFFAIRS):</b>		
Carl W. Clewlow (Acting)	Feb. 1977	Present
David P. Taylor	July 1976	Feb. 1977
John F. Aherne (Acting)	Mar. 1976	July 1976
William K. Brehm	Sept. 1973	Mar. 1976