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NUCLEAR CAREER INCENTIVE ACT

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BEFORE THE

SUBCOMMITTEE ON
MANPOWER AND PERSONNEL

OF THE

COMMITTEE ON ARMED SERVICES

UNITED STATES SENATE

NINETY-FOURTH CONGRESS

SECOND SESSION

ON

H.R. 10451

TO AMEND TITLE 37, UNITED STATES CODE, RELATING
TO SPECIAL PAY FOR NUCLEAR QUALIFIED OFFICERS,
AND FOR OTHER PURPOSES

JUNE 3, 1976

Printed for the use of the Committee on Armed Services



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(II)

CONTENTS

Watkins, Vice Adm. James D., U.S. Navy, Chief of Naval Personnel; accompanied by Capt. Lawrence Burkhardt III, U.S. Navy, Nuclear Power Personnel manager.....	Page 5
--	-----------

(III)

CONTENTS

Written by Vice Adm. James P. U.S. Navy, Chief of Naval Personnel;
reorganized by Capt. Lawrence B. U.S. Navy, Nuclear
Personnel Manager.

NUCLEAR CAREER INCENTIVE ACT

THURSDAY, JUNE 3, 1976

U.S. SENATE,
SUBCOMMITTEE ON MANPOWER AND PERSONNEL,
OF THE COMMITTEE ON ARMED SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 11:08 a.m. in room 212, Russell Senate Office Building, Hon. Sam Nunn presiding.

Present: Senators Nunn and Bartlett.

Also present: Francis J. Sullivan, Charles J. Conneely, John A. Goldsmith, and George F. Travers, professional staff members; Roberta Ujakovich, research assistant; Mary G. Ketner, clerical assistant; Jeffrey Record, assistant to Senator Nunn; and Fred Ruth, assistant to Senator Bartlett.

[The bill, H.R. 10451 follows:]

[H. R. 10451, 94th Cong., 2d sess.]

AN ACT To amend title 37, United States Code, relating to special pay for nuclear qualified officers, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Nuclear Career Incentive Act of 1975".

SEC. 2. Section 312 of title 37, United States Code, is amended—

(1) by striking out "\$3,750" and "\$3,000" in subsection (a) and by inserting "\$5,000" and "\$4,000", respectively, in lieu thereof; and

(2) by striking out the date that appears in subsection (e) and by inserting "September 30, 1981" in lieu thereof.

SEC. 3. Chapter 5 of title 37, United States Code, is amended by inserting the following new sections after section 312a and by inserting corresponding items for those new sections in the chapter analysis:

"§ 312b. Special pay: nuclear career accession bonus

"(a) Under regulations prescribed by the Secretary of the Navy, an officer of the naval service who—

"(1) is entitled to basic pay;

"(2) has not completed five years of commissioned service; and

"(3) has, as a commissioned officer, received training for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants;

may, upon successful completion of that training, in addition to all other compensation to which he is entitled, be paid a bonus in an amount not to exceed \$3,000.

"(b) The Secretary of the Navy shall make an annual report to the House and Senate Armed Services Committees containing data to monitor the effectiveness of the bonus authorized by subsection (a) of this section.

"(c) The provisions of this section shall be effective only in the case of officers who, on or before September 30, 1981, have been accepted for training for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants.

“§ 312c. Special pay: nuclear career incentive bonus

“(a) Under regulations prescribed by the Secretary of the Navy, an officer of the naval service who—

- “(1) is entitled to basic pay;
- “(2) is not above the pay grade O-6;
- “(3) has completed his initial obligated active service as an officer, but has completed less than twenty-six years of commissioned service;
- “(4) has, as a commissioned officer, successfully completed training for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; and
- “(5) has the current technical qualifications for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants;

may, in addition to all other compensation to which he is entitled, be paid an annual bonus in an amount not to exceed \$4,000 for each nuclear service year beginning after September 30, 1975, and ending before October 1, 1981. In order to be eligible for an annual bonus for any nuclear service year in accordance with this subsection, an otherwise qualified officer must have been on active duty on the last day of that nuclear service year. The amount of the annual bonus to which an officer would otherwise be entitled for a nuclear service year in accordance with this subsection shall be reduced on a pro rata basis for each day of that nuclear service year on which he was not on active duty; was not qualified for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; was performing obligated service as the result of an active-service agreement executed under section 312 of this title; or was entitled to receive aviation career incentive pay in accordance with section 301a of this title: *Provided*, that—

“(1) in the case of an officer with more than ten, but not more than eighteen, years of commissioned service, the amount of that annual bonus shall be further reduced on a pro rata basis for any other day or days in that nuclear service year which, when added to the immediately preceding days in and before that nuclear service year, total more than three consecutive years in an assignment other than an assignment to duty on a naval vessel; duty with a nuclear ship operational command staff; duty directly involving the training of others leading to their qualification for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; or duty in connection with a nuclear propulsion examining board;

“(2) in the case of an officer with more than eighteen, but not more than twenty-five, years of commissioned service, the amount of that annual bonus shall be further reduced on a pro rata basis for any other day or days in that nuclear service year on which he was not in an assignment involving the direct supervision, operation, or maintenance of naval nuclear propulsion plants, except that in the case of an officer who, during that nuclear service year, completed his eighteenth year of commissioned service, the amount of that annual bonus shall not be reduced for any day before the end of that eighteenth year which would have been creditable for determining the amount of the annual bonus at the end of that nuclear service year for an officer with more than ten, but not more than eighteen, years of commissioned service; and

“(3) in the case of an officer with more than twenty-five but not more than twenty-six, years of commissioned service, the amount of that annual bonus shall be further reduced on a pro rata basis for any other day or days in that nuclear service year on which he was not in an assignment with duties involving the direct supervision, operation, or maintenance of naval nuclear propulsion plants, and for every day in that nuclear service year after the end of his twenty-fifth year of commissioned service.

“(b) Under regulations prescribed by the Secretary of the Navy, an officer of the naval service who—

- “(1) is entitled to basic pay;
- “(2) is not above the pay grade O-6;
- “(3) has, as an enlisted member, received training for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; and
- “(4) has the current technical qualifications for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants;

may, in addition to all other compensation to which he is entitled, be paid an annual bonus in an amount not to exceed \$2,400 for each nuclear service year beginning after September 30, 1975, and ending before October 1, 1981. In order to be eligible for an annual bonus for any nuclear service year in accordance with this subsection, an otherwise qualified officer must have been on active duty on the last day of that nuclear service year. The amount of the annual bonus to which an officer would otherwise be entitled in accordance with this subsection shall be reduced on a pro rata basis for each day of that nuclear service year on which he was not in an assignment involving the direct supervision, operation, or maintenance of naval nuclear propulsion plants; was performing obligated service as the result of an active service agreement executed under section 312 of this title; or was entitled to receive aviation career incentive pay in accordance with section 301a of this title.

“(c) Under regulations prescribed by the Secretary of the Navy, an officer of the naval service who is not on active duty on the last day of a nuclear service year or who, on or before the last day of a nuclear service year, loses his technical qualifications or advances from the pay grade of O-6 to a higher pay grade may be paid a bonus in accordance with subsection (a) or (b) of this section on a pro rata basis, if otherwise qualified, unless termination of active duty or loss of technical qualifications was voluntary or was the result of his own misconduct.

“(d) The Secretary of the Navy shall make an annual report to the House and Senate Armed Services Committees containing data to monitor the effectiveness of the bonuses authorized by subsections (a) and (b) of this section.

“(e) For the purposes of this section, a ‘nuclear service year’ is the one-year period from October 1, 1975, through September 30, 1976, or any fiscal year beginning after September 30, 1976, and before October 1, 1981.”

SEC. 4. Notwithstanding any other provision of this Act or any other provision of law, and under regulations prescribed by the Secretary of the Navy, an officer of the naval service who, on or after the effective date of this Act, is, or will be, performing obligated service as the result of an active service agreement executed in accordance with section 312 of title 37, United States Code, as it existed at any time before the effective date of this Act, may be permitted—

(1) as of the last day of the first year of that obligated service, to cancel that active service agreement in exchange for a new active service agreement in accordance with section 312 of title 37, as amended by this Act; or

(2) as of the last day of any year, other than the last year, of that obligated service, to cancel that active service agreement in exchange for eligibility for the annual bonus authorized by section 312c of title 37, as added by this Act, and an agreement to remain on active duty for a period of time equal to the period of obligated service remaining under that active service agreement.

SEC. 5. This Act becomes effective on the first day of the first month after enactment, except that section 312c of title 37, United States Code, as added by this Act, is effective as of October 1, 1975.

Passed the House of Representatives May 10, 1976.

Attest:

EDMUND L. HENSHAW, Jr.,
Clerk.

Senator NUNN. First let me say, unknown to us on this subcommittee, they scheduled the Magna Carta ceremonies this morning. They are still going on, but I left early because I didn't want to hold you up any longer than I had to. However, Senator Bartlett, Senator Byrd, and Senator Culver are there, and I believe Senator Scott is there also. So all of our subcommittee members will be coming in late. I regret that we had to keep you waiting, but it could not be avoided.

The subcommittee meets today to consider proposed legislation to provide special pay for nuclear-qualified naval officers. The Navy has been experiencing manpower shortages and retention problems in this area of important specialization. Beginning in 1969, Congress authorized a one-time \$15,000 bonus for nuclear-qualified naval officers who agreed to serve 4 years more after their initial obligated service. Authority for this bonus expired in June 1975.

The Navy submitted an earlier version of a Nuclear Officer Career Incentive Pay Act in June of 1975. This earlier version essentially provided for permanent monthly incentive pay rather than an annual bonus more sharply focused on career retention. The present proposal was developed by the Navy as an alternative which would provide a superior retention incentive program, at least hopefully.

This bill has been considered and passed the House on May 10. This bill would do the following:

One, increase the amount of the current nuclear bonus from \$15,000 to \$20,000 for a 4-year agreement to serve beyond any other obligated service. The bonus would be paid over 4 or 5 years.

I think rather than going through all of the provisions which are covered in my statement, and I'm sure Admiral Watkins is going to cover them, I will put the rest of my statement in the record; and Admiral, we will go ahead with your statement to save time.

[The prepared statement follows:]

PREPARED STATEMENT OF SENATOR SAM NUNN

The Subcommittee meets today to consider proposed legislation to provide special pay for nuclear qualified naval officers. The Navy has been experiencing manpower shortages and retention problems in this area of important specialization. Beginning in 1969, Congress authorized a one-time \$15,000 bonus for nuclear qualified naval officers who agreed to serve 4 years more after their initial obligated service. Authority for this bonus expired in June 1975.

The Navy submitted an earlier version of a nuclear officer career incentive pay in June of 1975. This earlier version essentially provided for permanent monthly incentive pay rather than an annual bonus more sharply focused on career retention. This present proposal was developed by the Navy as an alternative which would provide a superior retention incentive program.

This bill has been considered and passed the House on May 10. This bill would do the following:

(1) increase the amount of the current nuclear bonus from \$15,000 to \$20,000 for a four-year agreement to serve beyond any other obligated service. The bonus would be paid over four or five years.

(2) extend the current nuclear bonus authority to September 30, 1981.

(3) provide new authority to pay a \$3,000 bonus to officers with less than 5 years service who enter and successfully complete nuclear training. An annual report to Congress on this bonus is required and the bonus applies only to officers accepted for training no later than September 30, 1981.

(4) provide new authority to pay a \$4,000 per year bonus to nuclear qualified officers after their initial obligated service, but before they reach the grade of admiral or complete 26 years of service. Officers must be on active duty the *last* day of the nuclear service year to receive the bonus for that year. The amount of the bonus is reduced pro rata for days the officer was not on active duty, or was not qualified for nuclear duty or was under other obligated nuclear service or was entitled to flight pay:

(a) officers with between 10 and 18 years of service lose the bonus if they are away from ships or directly related nuclear duty for over 3 years.

(b) officers with 19 to 25 years of service lose the bonus for time not in direct supervision, operation or maintenance of nuclear plants.

(5) provide new authority to pay a \$2,400 per year bonus to nuclear qualified officers who were nuclear trained enlisted men. The annual bonus would be reduced for days not in direct supervision, operation or maintenance of nuclear plants or days under other nuclear obligated service or days of flight pay entitlement.

(6) provide authority to pay the bonus described above on a pro rata basis for past years unless termination of active duty or loss of nuclear qualification was voluntary or due to misconduct.

(7) require an annual report to Congress on bonus effectiveness.

(8) define a "nuclear service year" as between October 1 and September 30.

(9) permit officers on a current bonus agreement to exchange that agreement for one under the new provision.

Following Admiral Watkins' testimony on nuclear pay, Admiral Finneran, the Deputy Assistant Secretary of Defense for Personnel Policy, has a brief statement on a Defense Department legislative request to extend the authority now available for Marine Corps Platoon Leader class (PLC) officer training programs to the other Services. You will recall, this is the legislation that was discussed at the time Senator Bartlett offered his amendment for a simple one-year extension of the PLC legislation which expires in June. The Defense proposed bill would broaden the authority now available to the Marines to all Services and would eliminate the credit towards pay and retirement for service while attending college under the PLC program. Admiral Finneran, we will take up this matter at the completion of Admiral Watkins' testimony on nuclear pay.

Our witness this morning is Vice Admiral James D. Watkins, the Chief of Naval Personnel. Admiral Watkins, you are always a welcome witness before this Subcommittee and you may now proceed in your own way.

**STATEMENT OF VICE ADMIRAL JAMES D. WATKINS, U.S. NAVY,
CHIEF OF NAVAL PERSONNEL; ACCOMPANIED BY CAPTAIN
LAWRENCE BURKHARDT III, U.S. NAVY, NUCLEAR POWER
PERSONNEL MANAGER**

Admiral WATKINS. Senator Nunn, I'm prepared this morning to either give an oral briefing of the statement, or read the statement, as you desire, sir.

Senator NUNN. Why don't you go ahead. I would like to hear it.

Admiral WATKINS. Mr. Chairman and members of the committee, I am Vice Admiral Watkins, Chief of Naval Personnel. I appear here today to represent the Department of Defense on H.R. 10451, a bill to renew and modify the special retention pay for nuclear trained officers of the naval service which expired on June 30, 1975.

This is an urgent measure of great importance to our Nation's security. H.R. 10451 provides for a special pay in the form of accession and retention bonuses for nuclear trained and qualified officers to supervise, maintain, and operate our expanding nuclear fleet. The necessity for this legislative measure has been created by inadequate retention of highly trained and experienced nuclear qualified officers compounded by an annual shortfall in the number of career motivated junior officers entering the nuclear power program.

On May 10, after extensive hearings on this bill, including testimony from over 160 nuclear trained officers, representing about 7 percent of the entire community, the House of Representatives approved H.R. 10451 by a vote of 323 to 27. In the testimony received from the nuclear officer community, it became clear that continuous sea duty and the resultant family separations were the primary causes of resignations and that this was the result of the inadequate officer inventories with no short-term relief in sight. Further, it was determined that money would help in that it would recognize the tough job and arduous sea duty these officers must face, while it increased the inventory to provide long-term relief.

Retention of junior and middle grade nuclear qualified officers has declined dramatically over the past 2 years. This is the result of several interacting factors. The energy crisis in early 1974 created a significant

increase in civilian nuclear industry recruiting efforts directed at Navy's experienced nuclear trained manpower pool. This was coincident with the time that large numbers of middle grade officers began completing their 4 year additional service obligation incurred as a result of their acceptance of the \$15,000 nuclear officer continuation pay bonus in 1969 and 1970. Although this bonus was initially successful in retaining these officers for an additional 4 years of service, they now experience an effective reduction of \$3,000 to \$4,000 per year in pay at the completion of their bonus obligation and are prime candidates for increased salary offers from nuclear industry. Compounding the retention problem, the bonus had little effect on improving our ability to attract career oriented junior officers into the nuclear power program; therefore, Navy has increasingly relied on reserve source officers in order to meet the manning requirements of our nuclear fleet. These officers are not career oriented and their retention statistics reflect this, less than 15 percent retained, even with the bonus.

Increased regular officer accessions are necessary to meet the retention requirements of this small, highly trained, and specialized community. A final factor in the declining retention statistics is that the old bonus system was losing its effectiveness and was by itself no longer an attractive option for a large enough percentage of our junior officers.

The current retention problem is more severe than the 1969 problem, which resulted in the enactment of the \$15,000 bonus legislation. That bonus was directed at reversing a seriously declining retention trend among junior officers completing their initial obligated service. As a result of the bonus, retention bottomed out at 33 percent and climbed to 47 percent but never achieved the required 51 percent. This retention trend has subsequently reversed, with current retention projected to be 34 percent in 1976, declining to 31 percent next year.

Compounding the problem is a recent significant increase from 5 percent to over 30 percent in the resignation rate of middle grade officers completing their bonus obligation. This two-phased loss of experienced nuclear trained officers is creating a serious shortage of officer personnel to man the expanding nuclear fleet, a shortage that will require 10 years to correct. Unless the resignation rate is dramatically reduced this summer, there will be barely sufficient numbers of officers in the grade of lieutenant through commander, about 1,000 officers, to meet the 967 shipboard and nuclear support requirements in 1977. In contrast, we had 1,014 of these experienced officers in 1969.

While this number increased by 10 percent to 1,120 by 1974 as a result of the bonus, the projected 1977 inventory of 1,000 officers is less than the 1969 inventory. On the other hand, the number of nuclear ships will have increased by one third from 101 in 1969 to 135 in 1977. This experienced manning level is inadequate now and rapidly growing worse. By 1980 the Navy may well be unable to man all of our nuclear ship crews in the manner necessary to maintain the required degree of safe and reliable operation of our nuclear powered fleet, which includes the Polaris/Poseidon submarine deterrent force.

In view of the foregoing situation, we are currently faced with a critical undermanning situation for both department heads and executive officers, which will soon extend to commanding officers. The cur-

rent inventory of 2,300 is only 71 percent of that required to sustain a reasonable sea duty/shore duty rotation with the average officer today spending less than 2 years ashore during the 16-year period from the completion of nuclear power training to the completion of his submarine command tour. Our junior and middle grade officers are aware of these shortages and are, therefore, faced with the choice of near continuous sea duty or an offer from civilian industry for doing what they perceive as a less demanding job with a higher pay scale. As a result, they are electing to leave the service in increasing numbers. We are engaged in a rapid downward spiral. As more experienced nuclear trained officers leave the Navy, the sea duty requirements become greater for those experienced officers who choose to remain; so fewer elect to remain, and so forth. Only dramatic action, enactment of significant legislation by Congress, can reverse the spiral.

The influence of civilian nuclear industry on the nuclear trained officer community cannot be ignored. By 1982, the number of nuclear-powered utility plants is expected to increase nearly fourfold. Civilian nuclear industry needs designers, operators and managers for these plants and they rely heavily on the small Navy nuclear propulsion program as the principal source of these personnel. Robert W. Deutsch, president of the General Physics Corp., aptly described the current industry/Navy dilemma in a speech last year:

If one reviews the academic background and experience of personnel employed by the nuclear utilities, it turns out that most of the key personnel have had Navy nuclear training. Without these Navy trained personnel, this country would not now have a nuclear power program. At the major nuclear submarine bases such as New London, Conn., and Charleston, S.C., industry representatives stand in line to induce nuclear Navy-trained personnel, both officers and enlisted men, to join their organizations.

Former nuclear-trained naval officers are, in fact, heavily employed in civilian nuclear industry. A recent survey conducted by the Navy showed that 67 percent of the officers who resigned during the past 3 years are employed by civilian nuclear industry and of those officers that resigned within the last year, 79 percent are employed in nuclear industry. The best officers are, of course, getting the best offers. Two nuclear-trained lieutenant commanders recently attached to one of our key fleet nuclear-examining boards have received offers of as much as \$28,000 per year.

Job opportunities are not limited to utilities; architect engineers, reactor manufacturers, licensing and regulatory agencies all seek former nuclear-trained naval officers. These officers see opportunity as top managers in an expanding nuclear industry.

From a national viewpoint, the American taxpayer is not hurt by this drain-off into the civilian sector. It has been estimated that since the beginning of the Navy's nuclear program, we have saved the civilian nuclear industry about \$2.5 billion in training costs. However attractive this may sound, it is the responsibility of the Navy to man its ships with competent officers and we are finding it more and more difficult to compete with the civilian nuclear industry in this regard.

Navy has initiated several measures to improve the conditions of service and thereby attempt to reverse the retention decline. Within the constraints of meeting hard operational requirements, the Navy is trying to reduce the operational commitments of our attack subma-

rines and nuclear-powered surface ships to the maximum extent practicable in order to provide more home-port time. Additionally, we have instituted a more flexible mode of operation for our Polaris/Poseidon submarines. Because of the tactical advantages of nuclear-powered ships, the strategic importance of our Polaris/Poseidon force and the special demands of the nuclear power programs, however, significant relief is difficult to achieve. The Navy has also reinstated a program of accelerated spot promotions to the rank of lieutenant commander for those qualified lieutenants serving in the billet of engineer officer of a nuclear-powered submarine or principal assistant to the engineer officer of a nuclear-powered surface ship. In addition to this increased recognition of these officers, the Navy has encouraged recommendations for awards for nuclear-trained officers who successfully manage complex overhauls and nuclear refuelings. However, an additional recognition factor is required in the form of an incentive pay program that provides increased compensation for nuclear-trained officers in recognition of their value to the Navy.

The measure before you today is a proposal for such an incentive pay program. I believe that it incorporates all of the elements which such a program must contain.

It provides an accession incentive to attract a sufficient number of regular source officers to nuclear power training to avoid the continued inefficient accession of large numbers of reserve officers who are difficult to find, expensive to train, and will not remain for a career anyway.

It provides a financial retention incentive for the postbonus officer at about the 9- to 10-year point.

It does not demand the currently unpopular 4-year contract commitment.

It reduces the career pay instability of the present bonus system.

It recognizes the value of this small cadre of uniquely qualified officers to the Navy and the rigorous nature of the work they must perform.

Although Navy originally forwarded a proposal establishing a permanent monthly incentive pay, or nuclear career incentive pay, for nuclear-trained officers, prehearing liaison between Navy and your professional staff reflected a number of concerns about the permanent pay and other aspects of the proposal. Subsequently, and upon the request of your committee, Navy examined the alternative as set forth in H.R. 10451. As a result, the alternative was found quite acceptable to the Navy, the Department of Defense and the Office of Management and Budget. This alternative accomplishes essentially the same purpose as Navy's original proposal for approximately the same cost, and resolves previously expressed concerns by your staff.

H.R. 10451 establishes three separate bonus provisions designed to address and rectify a corresponding number of problem areas. These three basic provisions include an accession bonus to help assure input numbers; a 4-year continuation bonus or an optional annual bonus to encourage officers to remain beyond their initial college contract; and an annual incentive bonus thereafter to help assure a sound career officer base leading to command.

First, the accession bonus of up to \$3,000 would be paid to officers with less than 5 years commissioned service upon successful comple-

tion of the nuclear power training program. This bonus is necessary to attract sufficient numbers of career-oriented Naval Academy and NROTC regular officers into the nuclear power programs.

Senator NUNN. Let me ask you a question there. In terms of how long the officers have been in the service when they get this \$3,000 bonus, what would that be? How long would they have been in before they complete the nuclear training program?

Admiral WATKINS. Approximately 11½ years total, sir.

Senator NUNN. Does he go right into that program out of ROTC or out of the Academy?

Admiral WATKINS. Yes, sir, he does.

This bonus is necessary to attract sufficient numbers of career-oriented Naval Academy or NROTC regular officers into the nuclear power programs. Increased numbers of regular officers as opposed to reserve officers are required to improve the long-term retention problems of the nuclear-trained officer community. Navy intends to implement this bonus system only as required to achieve and maintain regular source accessions at an acceptable level.

Second, the continuation bonus of up to \$20,000 would be paid in equal annual installments to nuclear qualified officers who agree to remain on active duty an additional 4 years beyond their initial service obligation. This continuation bonus is identical to the previous \$15,000 bonus except for the increased amount of money. This increased amount, which reflects inflationary and basic pay increases since 1969, would serve to restore the original impact of the \$15,000 bonus to those officers who agree to remain on active duty for an additional 4 years. In addition, it would provide a retention incentive up to 1 year before an officer reaches the end of his initial obligation and it would provide added incentive and recognition for the engineer officer who is required to remain on active duty to complete that difficult 3-year tour.

Senator NUNN. Admiral, about the middle of the page on page 7, one of the things you said about this program was, "It does not demand the currently unpopular 4-year contract commitment."

Which 4-year contract commitment are you talking about in light of your \$20,000 bonus which is in exchange for a 4-year commitment?

Admiral WATKINS. Yes, sir. We found that the 4-year commitment itself is a detractor from a man's willingness to accept that commitment. Consequently we tried to include in the new legislation before you today an option, where the man need not elect that path, but rather a third bonus, which I have not yet discussed, to give the man a second option to take the bonus on an annual basis, and he need not commit himself to anymore obligated service. So this option has some very attractive features for a number of reasons that I can explain later.

Senator NUNN. All right.

Admiral WATKINS. Finally, as a follow-on to the continuation bonus and as an alternative for those officers who object to the long-term obligated service aspect of the 4-year contract, an annual incentive bonus of up to \$4,000 would be paid to a nuclear qualified officer. The annual incentive bonus would be paid at the end of the 1-year period beginning on October 1, 1975, that is on September 30, 1976, and at the end of each subsequent 1-year period which will coincide

with the new fiscal year. The amount of annual bonus would be determined on a pro rata basis on an officer's qualifying service during the preceding year. An officer would not be eligible to receive the annual bonus until he has completed his initial obligated service and could not receive both the 4-year continuation bonus and the annual bonus for the same period of service. The aforementioned bonus payment provisions apply to nuclear qualified officers who received their nuclear training as a commissioned officer.

Senator NUNN. So if he went to the second option on a 4-year basis, he gets \$16,000 whereas if he signed a 4-year commitment he'd get \$20,000. Is that right?

Admiral WATKINS. That is correct, sir, and that makes up the incentive differential, we think, between the hard 4-year contract, which is very attractive to management from a management stability standpoint in the annual unknown situation where management is a little at odds as to whether he can count on that individual in the "out years."

Captain BURKHARDT. He can get the money earlier, too. It is available to him prior to the completion of his obligated service.

Senator NUNN. Which option are you talking about?

Admiral WATKINS. The second option, where the \$20,000 bonus has another attractive feature in it. An officer, one year prior to the completion of his initial obligation can elect to sign up for the \$20,000 bonus, and be paid in five annual increments, commencing at that time, for a total of \$20,000 taking him into the ninth year. If he does not elect to do so, he would then have to serve 1 additional year of initial obligation, then serve up to 1 more year before he could receive his first payment on the annual bonus arrangement.

Senator NUNN. So the annual bonus option you get paid—

Admiral WATKINS. At the end of the year.

Senator NUNN. The \$20,000 you get paid not only before, but you can spread it over 5 years and get it in your fourth year.

Admiral WATKINS. Exactly, a very attractive feature. We will find that probably on the order of half of our people would elect the long contract because otherwise he waits 2 years to receive the monetary incentive.

The annual incentive bonus provision of this new three-tiered system, unlike the present single bonus system, continues past the 10th year of commissioned service and therefore eliminates pay inversions heretofore experienced and provides steadily increasing compensation for increased responsibility through the command tour. For example, an annual payment of \$4,000 would increase the annual compensation of a nuclear trained submarine officer with 10 years experience to \$26,600, competitive with the \$26,000 to \$28,000 offers that these officers are receiving from civilian industry. While there is no intention to embark on a dollar-for-dollar race with civilian industry, we do need to be realistic and establish an increased level of compensation for our nuclear trained officer community that recognizes their value to the Navy and provides some degree of economic indifference to the salary level of their contemporaries who have elected to leave the service for work in the civilian nuclear industry.

Also affected by this bill is a small but important group of nuclear qualified officers who received their nuclear training as enlisted mem-

bers and were subsequently promoted to officer rank but who are not eligible to succeed to command of a nuclear powered ship. These enlisted nuclear qualified officers serve in designated technical billets involving the direct supervision, operation or maintenance of naval nuclear propulsion plants. An annual incentive bonus of up to \$2,400 would be authorized for these officers. This bonus would provide an equivalent of \$200 per month incentive pay, or \$50 per month more than the proficiency pay that they received as nuclear-trained enlisted personnel.

The three basic bonus provisions of this proposal meet all essential requirements of the nuclear-trained officer community except for what an individual officer may perceive as career pay instability inherent in any temporary bonus system. To minimize career pay instability, I strongly support the position that this proposal remain effective through 1981. This would allow time for the larger numbers of officers currently entering the nuclear power program to reach department head seniority and provide appropriate compensation for those middle-grade officers who, because of our depleted inventories, must remain at sea for at least the next 7 years.

Senator NUNN. I'm not sure I understand this enlisted to officer bonus. You have an enlisted man who becomes an officer, and he's nuclear qualified, but he's not qualified to be commander of a ship, is that right?

Admiral WATKINS. Yes, sir, that is correct.

Senator NUNN. Why is that? Why is he disqualified?

Admiral WATKINS. He is a warrant officer, sir, or a limited duty officer, and not a line officer.

Senator NUNN. And he's going to be eligible to receive an annual incentive bonus of up to \$2,400. Is that right?

Admiral WATKINS. Yes, sir.

Senator NUNN. So this would just be extra pay.

Admiral WATKINS. And only when he is serving in a billet directly involved with the supervision or operation of a propulsion plant, such as at one of our reactor prototype sites ashore. It is a small number of officers, but they have all of the same demands levied on them in those tough assignments as the line officers during those periods of direct assignment.

Senator NUNN. Wouldn't he be making more money, then, than his counterpart who had not signed up for an additional term?

If he gets \$2,400 extra a year, and say a young ensign comes in, goes into the program and gets through the academy, wouldn't the enlisted man be making more than an ROTC or Academy graduate in the same job?

Admiral WATKINS. I'd have to compare the pay scales, sir, I do not believe so. I believe that we are covered here. This is an experienced man, of probably 10 to 15 years of service in the nuclear power program as an enlisted man, who has made officer rank through the warrant officer or limited duty officer program. He is probably at the equivalent qualification level of an engineer officer. Therefore, if he is receiving a salary that's greater than his ensign or lieutenant (junior grade) counterpart, I am not sure the latter would necessarily consider the lower pay a detractor, sir.

Senator NUNN. In other words, he has a lot more experience.

Admiral WATKINS. Yes, sir, he does.

Senator NUNN. Well, what happens when he decides to reenlist for 4 years. Does he have this same 4-year option?

Captain BURKHARDT. He does not have that option.

Admiral WATKINS. He does not have that option, sir.

Senator NUNN. Why is that?

Captain BURKHARDT. Well, principally because the reason for that option is to try to get the junior officer to make a career decision. Now, this limited duty officer and warrant officer is probably well on his way to a career decision because he has about 10 years of service. We don't permit the commissioned officer, the line officer to take that bonus once he reaches the 10-year point. The basic reason for the LDO/warrant annual bonus is really to solve an inequity in what we have because our enlisted men are getting \$150 a month for working in the nuclear business, and the line officers, of course, are getting \$4,000 a year. The guy in the middle, the technical guy, the limited duty and warrant officer is making nothing. We are talking only about 138 people in the Navy in this regard, a very small group of people. They are demanded by industry.

I think it is just recognition that they are special.

Senator NUNN. Well, I'm not concerned about it from the point of view of thinking they're getting too much, as much as it just seems to me you're going to have different people doing virtually the same job at different pay scales.

Admiral WATKINS. It's not the same job, sir.

Captain BURKHARDT. They work in shipyards—

Admiral WATKINS. For example, most of these will be serving in the very critical ERDA jobs at the naval shipyards involved in the overhaul and construction of nuclear powered ships, in the inspection processes, quality control processes, and they are much more technically and engineering duty oriented, if you will, in very select skill areas, very highly important to Admiral Rickover's program of quality control in the shipyards.

Senator NUNN. Well, the other question I have on this point is on the last sentence. This bonus would provide an equivalent \$200 per month incentive pay, or \$50 per month more than the proficiency pay they received as nuclear-trained enlisted personnel. Oh, I understand it now. Before they became an officer they were getting \$150 a month proficiency pay.

Admiral WATKINS. Now, you already have an inequity, sir, since a warrant officer, when he becomes warrant, actually suffers a modest pay inversion under most circumstances. For example after being a nuclear-trained E-6 or E-7 petty officer, then shifting to warrant officer scale, the nuclear-trained warrant officer would have a pay inversion where he would actually be getting less pay than his enlisted counterpart if we didn't have some feature. That would be wrong when coupled with more responsibility.

Senator NUNN. Is that happening right now? You don't have this provision right now?

Admiral WATKINS. That is correct, sir, it is happening.

Senator NUNN. This man is getting \$150?

Admiral WATKINS. It is happening, and it's a deterrent against our nuclear-trained enlisted personnel seeking the higher responsibilities in the nuclear-trained LDO community, which we need in a very small number of highly technical skill assignments.

Senator NUNN. But he'd actually still be making more money if he went from enlisted to officer just by virtue of office—

Admiral WATKINS. Not initially, sir.

Senator NUNN. So he actually takes a pay cut.

Admiral WATKINS. He actually takes a pay cut, and as a consequence of that, it has been necessary to motivate the nuclear-trained enlisted men to become a warrant and remain in the nuclear power business. He wants to move out of nuclear power because of responsibilities, the workload is heavy. Because he is now an engineering officer of the watch qualified individual he would be placed on a very tight work schedule in the shipyard and so forth, and he simply does not aspire to that kind of job.

Senator NUNN. Well, certainly under those conditions it makes sense. I don't see how anybody can be expected to go up and take a pay cut.

Admiral WATKINS. That's essentially why we put in this provision, sir.

Senator NUNN. OK, go ahead.

Admiral WATKINS. This proposal requires repeated assignments to duties involving nuclear propulsion plant operation in order to remain eligible for the proposed incentive pay. These requirements, which supplement the rigorous quality controls already in effect in the Navy nuclear power program are designed to terminate the annual incentive bonus for officers with more than 10 years of service who serve in excess of three consecutive years in an assignment not involving shipboard or nuclear support duty. Captains and commanders with more than 18 years of commissioned service will not receive the annual incentive bonus unless they are serving in assignments with duties involving the direct supervision, operation or maintenance of naval nuclear propulsion plants. Admirals will not be eligible for this pay. Furthermore, no officer would be eligible to receive the annual bonus for service performed after the end of his 25th year of commissioned service. Thus it will not be enough for senior officers to maintain a level of nuclear technical proficiency. In order to continue to be eligible for annual nuclear incentive bonuses, these officers must be assigned to a small number of designated seagoing billets of increased responsibility within the naval nuclear propulsion program.

We are on the verge of suffering irreparable damage to the nuclear officer community. Selectivity for commanding officer positions is becoming virtually nonexistent. The increased sea duty resulting from inadequate officer inventories is causing a spiraling retention decline. Our officers are not receiving the educational and broadening staff assignments which are desirable for future leaders of the nuclear Navy. We cannot afford to further jeopardize this unique manpower resource. We do not propose that enactment of H.R. 10451 will rebuild the nuclear officer inventory immediately. We do expect, however, to reduce further losses of our middle grade officers and to ensure that enough of these officers are available to man the nuclear fleet over the next several years. In June, nearly 400 middle grade and junior officers are eligible to resign. Those officers are watching the progress of this proposal and many have said that their decision to remain in the Navy will depend on whether or not this bill is passed. If only 150 of these officers leave the Navy this summer, we will just be able to

meet our shipboard manning requirements, but we will not have enough officers to man our required nuclear support billets ashore.

Admiral Rickover has expressed strong concern over the current nuclear qualified officer manning situation. In congressional testimony this March, he stated that

I am acutely aware of the status of this small, though important community of naval officers. I have reviewed the legislative proposal, H.R. 10451, and conclude that it is what is needed.

Senator NUNN. You mean Admiral Rickover agrees with the Navy on this?

Admiral WATKINS. Yes, sir, he does.

Senator NUNN. And he agrees with DOD on this?

Admiral WATKINS. Yes, sir.

Senator NUNN. And the Navy agrees with DOD on this?

Admiral WATKINS. Yes, sir.

Senator NUNN. It's unique.

Admiral WATKINS. The average \$5.7 million annual cost of this bill over the next 5 years is a modest investment when compared to the \$22 billion investment in our nuclear fleet. I urge your prompt and favorable consideration of this bill.

This concludes my prepared statement. I will be happy to answer any questions which you may have.

[The nuclear officer incentive pay briefing book follows:]

NUCLEAR TRAINED OFFICER COMMUNITY CRISIS

1. Inventory of officers is 71 percent of requirements and declining:

Inventory	2295
Requirement	3240
Percent of Requirement	71

2. Causes:

- Perennial accession shortfalls.
- Inadequate officer retention.

3. Problem:

Results in near continuous sea duty with attendant family separation and restricted career pattern which will further depress retention.

By 1977 unable to man hard nuclear shore billets if retention doesn't improve.

Before 1980 may be unable to man all nuclear ship crews if doesn't improve.

ELEMENTS OF THE PROBLEM—ACCESSION SHORTFALLS

[Accessions of nuclear-trained officers have been perennially short of goals]

Year	Regular	Reserve ¹	Total	Required ²
1964	321	19	340	445
1965	378	21	399	445
1966	300	24	324	445
1967	285	35	320	445
1968	298	62	360	445
1969	288	72	360	445
1970	229	129	358	468
1971	277	102	379	500
1972	342	104	446	524
1973	237	92	329	541
1974	351	137	488	544
1975	366	235	601	548
1976	327	71	398	656

¹ Retention of Reserve officers past minimum service requirement is 10 percent.

² Required accessions are based upon desired 51 percent retention—except for 1976 goal which is based on current 5 percent retention.

Note: Reserve accessions will not provide a solution to middle grade officer shortfalls.

ELEMENTS OF CURRENT PROBLEM—RETENTION DECLINE

Retention of officers beyond MSR is sharply down.

Year and retention:	Percent
1966	75
1967	72
1968	58
1969	50
1970	33
1971	33
1972	41
1973	47
1974	(¹)
1975	41
1976	² 34
1977	² 31

¹ Due to a change in MSR for USNA graduates in 1968 from 4 to 5 years, there was insufficient data in 1974 to provide a meaningful retention statistic.

² Projected.

Greater than 30 percent of officers completing bonus are leaving Navy.

POSTBONUS RESIGNATION TABLE (SUBMARINE)

Year Group	Number who have completed bonus obligation	Losses at end of obligation	Percent loss
1961	72	5	7
1962	70	8	11
1963	72	9	12
1964	67	21	31
1965	89	26	29
1966	92	33	36
1967	70	24	34

Note: An acceptable postbonus loss rate is 10 percent.

ELEMENTS OF PROBLEMS—INVENTORY SHORTFALLS

As a result of declining retention and inadequate accessions, we are currently experiencing officer shortfalls which result in near continuous sea duty from the 8 to 18th years of service. Shortages are projected to increase.

NUCLEAR SUBMARINE PROJECTED DEPARTMENT HEAD REQUIREMENTS VERSUS INVENTORY

Year	Billets	YG	Combined YG	Shortfall
1975	306	65-67	215	-91
1976	316	66-68	213	-103
1977	328	67-69	217	-111
1978	342	68-70	215	-127
1979	356	69-71	212	-144
1980	360	70-72	201	-159

NUCLEAR SUBMARINE PROJECTED EXECUTIVE OFFICER REQUIREMENTS VERSUS INVENTORY

Year	Billets	YG	Combined YG	Shortfall
1975	153	61-62	129	-24
1976	158	62-63	120	-38
1977	164	63-64	109	-55
1978	171	64-65	108	-63
1979	178	65-66	107	-71
1980	180	66-67	95	-85

Note: These shortfalls project into similar commanding officer shortages in the 1980's.

The total requirements versus inventory for nuclear officers for 1975 is as follows:

	Require- ments	Inventory
Submarine.....	2, 830	2, 048
Surface.....	410	247

Currently 252 of 2,077 (12.1 percent) nuclear trained precommand officers are ashore. Average 1.95 years of shore duty between completion of training and command. JO, 137; Post-DH, 86; Post-XO, 29.

CORRECTIVE ACTION INITIATED TO COMBAT INVENTORY SHORTAGES

REDUCE ACCESSION SHORTFALLS

- Expand eligibility base:
All USNA/NROTC midshipmen take 1 year of calculus and physics.
Eighty percent of USNA and 60 percent NROTC major in science or engineering.
- Highest priority officer recruiting program:
Expand NUPOC program.
Increase NROTC scholarship program.
- Nuclear officer briefings/field trips to NROTC units, USNA and major technical colleges.

IMPROVE RETENTION

- Reduce SSN operating schedule:
Deployment schedule:

Past.....	1 in 3
Present.....	1 in 3.4
Goal.....	1 in 4

 Time in homeport (percent):

Past.....	40
Present.....	46
Goal.....	50
- Flexible operations for selected SSBN's:
Every crew will have a flexible operation patrol in each 2-year cycle.
Port visits include SSBN homeports, Lisbon, Faslane, and Port Everglades, Fla.
Operations involve exercises with other ship types and thus ease the operational requirements placed upon the SSN's.
- Spot promotions for lieutenants in certain nuclear engineering lieutenant commander billets:
103 spot promotions since July 1975.
- Improved junior officer counseling and recognition through awards and citations.
- Increased financial incentives to remain in the naval nuclear propulsion program through the legislative proposal for nuclear officer incentive pay (NOIP).

NUCLEAR OFFICER INCENTIVE PAY

Nuclear officer incentive pay, H.R. 10451, is the current Navy proposal for a nuclear officer retention incentive. It consists of three basic provisions:

- An accession bonus;
- A 4-year continuation bonus;
- An annual incentive bonus.

Navy has submitted this proposal for the following reasons:

Increased sea tour lengths resulting from inventory shortages of nuclear trained officers are having an adverse impact on retention of junior and middle grade officers.

Junior officer retention at 37 percent is the lowest experienced since 1969 and is projected to decline further.

Over 30 percent of the middle grade officers completing their bonus obligation are resigning at the 9- or 10-year service point.

Navy has never met regular source officer accession goals for the nuclear power program and has relied on reserve source officers to make up the difference, resulting in lower junior officer retention.

Civilian nuclear industry offers good salaries (\$26,000 to \$28,000) in the same field for nonseagoing jobs.

Organization and position	Years of naval service	Salary
Utility company:		
Senior project manager.....	20	\$34,000
Operations manager.....	9-12	28,000
Plant engineer.....	5-6	20,000
Reactor components manufacturer: Design engineer.....		
Architect, engineering firm: Senior project manager.....	7-8	25,000
Nuclear Regulatory Commission:	10-12	30,000
Nuclear engineer (Director).....	10-12	27,000
Nuclear engineer.....	8-12	23,900
Project engineer.....	6-8	21,000

NUCLEAR CAREER ACCESSION BONUS

An Accession Bonus of up to \$3,000:

Paid to officers who successfully complete nuclear power training.

Designed to increase regular source officer accessions.

Would be implemented only as required to achieve and maintain regular source officer accessions at an acceptable level.

Rationale:

Required to attract regular source (USNA/NROTC) accessions.

More regular source officers will improve long term retention.

NUCLEAR OFFICER FOUR-YEAR CONTINUATION BONUS

A 4-year contractual bonus of up to \$20,000:

Similar to the expired \$15,000 bonus with increased amount to reflect inflation and base pay increases.

Paid in four or five annual installments to officers within one year of reaching Minimum Service Requirement (MSR) but with less than 10 years service who contractually agree to remain on active duty for four additional years past MSR.

Provides a career incentive impact for nuclear qualified junior officers before they are eligible to resign.

Increases officer inventory stability during the critical department head manning years and provides additional incentive to the officers who agree to remain on active duty to complete the difficult three year Engineer Officer tour.

NUCLEAR CAREER ANNUAL INCENTIVE BONUS

An annual bonus of up to \$4,000 for nuclear qualified unrestricted line officers and up to \$2400 for nuclear qualified limited duty and warrant officers:

Paid annually, at the end of each year served, to officers beyond MSR through nuclear ship command tour.

Not received concurrently with \$20,000, 4 year contractual bonus.

No flag officers eligible.

Rationale:

Alternative to 4 year bonus through 19th year: provides option to long term obligation.

Continued through 25th year of service.

\$4000 per annum provides economic indifference to civilian nuclear industry salaries.

Will stem 35 percent post bonus losses.

\$2400 for warrant officers and limited duty officers provides \$200/month equivalent, \$50/month more than enlisted proficiency pay.

ADDITIONAL CONTROLS

No pay to officers with 10-18 years of service after 3 years out of a nuclear billet.

Pay captains and commanders with 18-25 years of service only for time served in a limited number of operational nuclear billets.

No officers with more than 25 years of service would receive this pay.

Pay warrant officers and limited duty officers only for time served in nuclear billets.

Terminate pay for officers who lose their technical qualification for duty involving the supervision, operation, and maintenance of naval nuclear propulsion plants.

TYPICAL PAY SCALE FOR A NUCLEAR QUALIFIED SUBMARINE OFFICER

Years of commission- ed service	Rank	Duty	RMC	Sub pay	Cur- rent incen- tive pay	Total	Pro- posed incen- tive pay	Total	Civilian industry salaries offers
0 to 1.....	Ensign.....	(1)	11,032			11,032		11,032	
1 to 2.....	do.....	(2)	11,032	1,200		12,232		12,232	
2 to 3.....	Lieutenant junior grade.	(2)	13,633	1,500		15,133		15,133	
3 to 4.....	do.....	(2)	15,792	1,800		17,592		17,592	
4 to 5.....	Lieutenant.....	(2)	18,155	1,980		20,135		20,135	20,00
5 to 6.....	do.....	(3)	18,155		3,750	21,905	5,000	23,155	
6 to 7.....	do.....	(3)	18,848		3,750	22,598	5,000	23,848	
7 to 8.....	do.....	(4)	18,848		2,160	24,758	5,000	26,008	
8 to 9.....	do.....	(4)	19,398		2,220	25,368	5,000	26,618	
9 to 10.....	Lieutenant com- mander.	(4)	20,282		2,340	22,622	4,000	26,622	26,000-28,000
10 to 11.....	do.....	(5)	21,390			21,390	4,000	25,390	
11 to 12.....	do.....	(5)	21,390			21,390	4,000	25,390	
12 to 13.....	do.....	(6)	22,390		2,580	24,970	4,000	28,970	
13 to 14.....	do.....	(6)	22,390		2,530	24,970	4,000	28,970	
14 to 15.....	do.....	(7)	23,239		2,640	25,879	4,000	29,879	
15 to 16.....	Commander.....	(8)	24,759		2,700	27,459	4,000	31,459	
16 to 17.....	do.....	(8)	26,290		2,760	29,050	4,000	33,050	
17 to 18.....	do.....	(8)	26,290		2,760	29,050	4,000	33,050	
18 to 19.....	do.....	(9)	27,580		2,940	30,520	4,000	34,520	
19 to 20.....	do.....	(9)	27,580		2,940	30,520	4,000	34,520	32,000-36,000
20 to 21.....	do.....	(10)	28,313			28,313		28,313	
21 to 22.....	Captain.....	(10)	31,264			31,264		31,264	
22 to 23.....	do.....	(10)	32,927			32,927		32,927	
23 to 24.....	do.....	(11)	32,927			32,927	4,000	36,927	
24 to 25.....	do.....	(11)	32,927			32,927	4,000	36,927	

¹ Not eligible for submarine pay.

² Not eligible for nuclear officer-incentive pay.

DUTY ASSIGNMENTS (TYPICAL CAREER PATTERN)

- (1) Nuclear Power Training.
- (2) Submarine Division Officer.
- (3) Nuclear Power Training Unit Instructor.
- (4) Submarine Department Head (e.g. Engineer Officer or Operations Officer).
- (5) Bureau of Naval Personnel.
- (6) Submarine Executive Officer.
- (7) Prospective Commanding Officer Training.
- (8) Submarine Commanding Officer.
- (9) Submarine Squadron Training and Readiness Officer.
- (10) Chief of Naval Operations—Staff.
- (11) Commanding Officer Submarine Tender.

SUMMARY

THE CONGRESSIONAL VISITS

In November and January HASC members interviewed over 160 nuclear trained officers in Rota, Spain, Holy Loch, Scotland and Norfolk, Virginia. These officers said:

1. Continuous sea duty was the primary cause of resignations.—This was the result of inadequate officer inventories and no short term relief was in sight.
2. Money would help :
 - It would recognize the tough job and arduous sea duty these officers must now face.
 - It would attract and retain more junior officers which would ultimately increase inventories/reduce sea duty.
3. NOIP was a sound proposal.

URGENCY OF PROBLEM

Losses of nuclear trained junior and middle grade officers are already unacceptable. Many officers aboard nuclear powered ships have indicated that they are closely watching the progress of the NOIP legislation and that their decision to remain in the Navy will depend on whether or not NOIP is enacted. In June, nearly 400 junior and middle grade officers are eligible to resign. If only 150 leave the Navy this summer, we will not have enough officers to man our required nuclear support billets ashore.

Senator NUNN. Your statement indicates this would expire in 1981 based on the way the legislation is now drafted.

What do you think would happen in 1981? What is your projection after that, or do you have one at this stage?

Admiral WATKINS. Our projection, sir, is that by 1981, with the approach taken in this legislative proposal, we will be able to recover a net increase of 70 experienced officers per year, and this would bring us to a partial recovery of about 1,400 experienced officers in the inventory against the nearly 2,000 projected needs by 1981.

What I am saying is that based on our previous bonus experience, since the individuals affected are the same individuals impacted by the first bonus and hence have the same sort of elasticity to dollar incentives, we will see an immediate turnaround of 5-percent retention with somewhat in excess of 45-percent steady state retention in the "out-years." This, then, has led me to the prediction that by 1981 we will be halfway there, that is to a reasonable sea/shore rotation, with a modest number going ashore into other assignments where they can expand their qualities for future Navy leadership.

We do not believe that we can get there much sooner than 10 years. Even if we are to get this legislation passed this month and move out in what we consider to be an optimistic way, much better than 10 years cannot be achieved. So it is a long-term remedy, and we don't feel that we're going to have an adequate base on which to make the next judgment until about the 1981 timeframe.

Senator NUNN. In a letter to the committee in May, Admiral Holloway reported that the nuclear power accession goal was met for the first time in 1975. If this goal is being met, why do you need a new accession bonus?

Admiral WATKINS. Senator Nunn, that was the only year in the last 10 that we have met the accession goal. It was a very good year. We worked extremely hard and devoted a lot of our recruiting resources to what we call our nuclear power officer candidate program, which is a special program to recruit out of civilian life those individuals that have the academic requisites for the program.

In achieving those numbers in 1975, however, one third of the input were reserves coming in through our nuclear power officer candidate program. We know from experience in the nuclear power program that only 8 percent of these individuals will remain.

Now, the question has been raised, because of the all-volunteer force, that old statistics in this regard may no longer be applicable; but we have surveyed these youngsters coming into our nuclear power officer candidate program at OCS, and a very large percentage indicate that their full intention is to come in, obtain the program, obtain the training which the program promised them, and then leave the service at the end of obligated service.

Senator NUNN. Now, is this basically in the nuclear area, or is this in other areas, too?

Admiral WATKINS. This is only in nuclear areas, sir. The other areas are quite the other way. We are seeing increased retention of our personnel coming in through OCS. As a matter of fact, the Navy is up now to about 15 percent retention of OCS graduates, with an outlook getting even brighter.

Senator NUNN. How about enlisted personnel? Are you retaining more of them, not just in nuclear, but overall?

Admiral WATKINS. Yes, sir, we are. It is a slow, steady climb. This steady climb is not reflected in the percentage increase that has been publicized, but rather in the numbers. It is a modest, slow growth and is healthy, sir.

Senator NUNN. One of the main arguments of the proponents involved here, during the first part or at least when it was being proposed as I recall reading it, was that the retention rate would go dramatically up, and that the cost segment would be very large.

Have you done any analysis—I'm not talking about nuclear now, but overall—to see how close you come to retention on the projections that were made back several years ago?

Admiral WATKINS. Those were optimistic projections on the enlisted side, sir. I am not sure that those projections were necessarily an agreed-to position across the board. We have run into all sorts of questions about the all-volunteer force concerning "volunteer out" as well as "volunteer in." The former is also the option of the individual, which wasn't given quite as much attention, I don't believe, as it should have been. So we are seeing, as I say, modest improvement. We are encouraged as a matter of fact that the Navy right now, out of 85 ratings, has only 16 ratings that aren't achieving goals. Our goals are set to get well, in a 3- to 5-year timeframe, and based on a very sophisticated, computerized look with very close controls. We are optimistic that we can survive; and that's based on certain economic assumptions nationally. We're the only ones that seem to be happy on the economic downswing because that situation helps us retain people. But those kind of perturbations in the national economy could change overnight, and all of our projections could go out the window.

But as I say, right now we are cautiously optimistic.

Captain BURKHART. Admiral, I'd like to make a point about meeting our goal last year. Our goal last year was 550 officers. It was based on the desired 51-percent retention. When we saw what our retention was getting down to, we've got a new goal this year of 650. We made only 600 last year. So we would have been short of our goal this year, and as of right now, we have got all of those Naval Academy and ROTC that we're going to get; we are only at about 400 and I doubt that we're even going to make the 600 level this year. We'll probably

make 500. So we're in trouble this year with accessions. We're going to have less regular officers this year than we did last year.

Admiral WATKINS. Nominally, sir, we've been about 100 to 150 under our steady-state goals for the past 10 years.

Senator NUNN. I believe you testified before the House that you probably would not use this accession bonus this year. If these are the problems, why would you not use it this year, assuming the legislation passes?

Admiral WATKINS. Sir, we would like to use it this year. We have done some further work in this area, and we would want to come back to you and ask—at least the House—and ask them to allow us to apply it this year.

Now, let me explain. We are about 1½ years away from paying the first individual were we to be authorized to apply the accession bonus today.

Senator NUNN. Because it takes that long?

Admiral WATKINS. Because it takes that long to get him into the system and through training.

Senator NUNN. You're not going to apply it retroactively?

Admiral WATKINS. No, sir, not retroactively. The House, in their interviews of over 160 nuclear trained officers in the fleet, were quite impressed with the young officers' feelings about that accession bonus. Young officers' feelings were that we would achieve significant improvements both in ROTC and Naval Academy encouragement to come in and take on a tough program with that particular carrot hanging out in front of them, so much so that in the committee report that was contained in the report of hearings on the bill passed by the House, the statement was made by the House Armed Services Committee, "that the committee believes this accession bonus is a necessary element in the package of special pay required to increase the nuclear officer force, and wants it understood by the Department of Defense that the authority is provided with the understanding by the committee that it will be utilized promptly. The committee recognizes that the Navy may wish to implement the bonus at less than the maximum dollar amount authorized in the bill." As a consequence, sir, we would ask that the particular statement we made to the House not be considered too strictly in the sense that we could not apply it in 1977. We would like to apply it at the rate of about \$1,500 in fiscal year 1977, to be paid for the first time in fiscal 1978.

Senator NUNN. What about the overall Navy accession? Are you anticipating an overall increase in officers, including the nuclear, if you look at the overall?

Admiral WATKINS. No, sir, our accession numbers in the current 1977 budget are down, and they will stay down. In fact, they are below our real needs. We should have a 7,100 per year officer input. We will be at about the 6,700 level if the fiscal 1977 budget submission is approved, dropping to about 6,300 in fiscal 1978. So we are actually still coming down in officer strength in the Navy.

Senator NUNN. Well, assuming this bill passes and you're going to increase your nuclear accession but you're not going to increase your overall in terms of officers, does that mean that it's going to be draining within the Navy from other parts of the Navy to the nuclear program?

Admiral WATKINS. Yes; it does.

Senator NUNN. What parts of the Navy do you anticipate that will affect?

Admiral WATKINS. I anticipate, because of the academic requirements, that there will be more individuals who would elect nuclear power training, for example, than aviation training. That's not bad from an overall Navy standpoint, because as you may know, our pilot training rate is also going down. So there is room for internal accommodation, even were we to get additional numbers coming into the nuclear power program.

Senator NUNN. You don't anticipate this will impact adversely on other parts of the Navy at this point?

Admiral WATKINS. No, sir, I do not, primarily because this is not only a bill to support the nuclear submarine force, but it also supports the nuclear surface Navy which is growing. In fact, in the next few years, we'll again double the number of nuclear trained surface officers. These officers are not just nuclear trained, but are surface line officers capable of serving on all of our surface ships in the Navy. Therefore we essentially do not affect the total surface line community in any way. In fact, we enhance opportunities downstream for promotion and for upward mobility in the Navy for all officers who elect this training.

Senator NUNN. In the next 4 years you double in size, is that right?

Admiral WATKINS. Yes, sir.

Senator NUNN. The nuclear part?

Admiral WATKINS. Yes, sir.

Senator NUNN. The number of ships?

Admiral WATKINS. Not the number of ships, sir, the number of people. We have 200 plus surface officers now, and by 1980 I believe we'll have over 500, with two additional carriers being fully manned, and the additional frigates now authorized being manned. Some of those ships will not be commissioned, but we must still man them several years early, as you know.

Senator NUNN. How many nuclear ships do you have now? Is it 135?

Admiral WATKINS. This is by 1978, sir. Right now we have about 125 I believe, sir.

Senator NUNN. What will be the number in say fiscal 1978, 1979, and 1980? Have you got a projection on that?

Admiral WATKINS. We have a projection on that, sir, and I can provide it for the record. We have it in our backup notes.

Senator NUNN. Well, let's say in 1981, if you've got it, what would you have then? Supply for the record each year, if you would, but let's pick out 1981 when this program ends. How many nuclear ships will you have then?

Captain BURKHARDT. By 1981 we expect to have at least the 13 currently authorized. Right now we have 10 manned.

Senator NUNN. Thirteen?

Captain BURKHARDT. Yes, sir, nuclear surface ships.

Senator NUNN. I was speaking of overall. I was trying to get a figure compared to the 135.

Admiral WATKINS. We have to say crews, sir, because we have the Polaris/Poseidon, which take two crews per ship.

Captain BURKHARDT. The 135 is ships. As of right now we actually have about 166 crews.

Admiral WATKINS. Subtract 41 Polaris crews, would be 125 ships, and 151 ships by fiscal 1981, sir.

Senator NUNN. 151?

Admiral WATKINS. Yes, sir.

Senator NUNN. So we won't increase very much from fiscal 1977 to fiscal 1981 in number of ships?

Captain BURKHARDT. Percentagewise, no, because the submarine force doesn't expand that much. The smaller nuclear surface Navy is expanding at a faster rate, however.

Senator NUNN. How many nuclear crews do you have now?

Captain BURKHARDT. We have about 166.

Senator NUNN. 166. How many will you have to have in 1981?

Captain BURKHARDT. We'll have to have about 196.

Senator NUNN. So it will increase.

Captain BURKHARDT. Yes.

Senator NUNN. Can you furnish us a flow chart on the number of crews, the number of ships, the number of vessels, and the number of overall officers from here to 1981?

Admiral WATKINS. Yes, sir.

[The information follows:]

The following are projected number of nuclear ships and crews through 1981.

NUCLEAR-POWERED SHIP MANNING REQUIREMENTS

	SSBN	SSN	CGN	CVN	Total ships	Total crews ¹
1976.....	41	74	7	3	125	166
1977.....	42	77	8	3	130	172
1978 ²	43	81	9	3	136	179
1979 ²	44	85	9	4	142	186
1980 ²	45	89	9	4	147	192
1981 ²	45	93	9	4	151	196

¹ Assumes 2 crews for SSBN.

² Projections past 1977 are based only upon currently authorized new construction requirements and do not account for any potential decommissioning of existing nuclear-powered ships or for any additional ships that may be authorized.

Senator NUNN. Why do you feel that it's necessary to go from \$15,000 to \$20,000 in the 4-year agreement?

Admiral WATKINS. Yes, sir, because of the lack of effectiveness of the \$15,000 incentive at the first obligation point. Not only are we losing at the 9- to 10-year point, where there is no further monetary incentive, but we have again experienced a decline at the 5-year obligation point; that is, after initial obligated service completes.

We have learned from our surveys and our analyses with our officers that \$20,000 is the level. It is consistent with our various elasticity analyses that say this amount is about what is needed to make that \$15,000 updated to 1976, sir.

Captain BURKHARDT. There are a couple of other factors, too, one of which is inflation. We figured out that with increasing base pay because of inflation, that it really should be \$23,000 instead of \$20,000, just from 1969 to 1976. Furthermore, one of the things that has been a problem in the current situation is the pay instability and the pay

inversion at the end of the bonus. Now, if you take a \$15,000 bonus, and you spread it over 4 years, it would be less than a \$4,000 annual bonus, and obviously nobody would take it. So we are in a situation where we have to have some incentive to make them obligate. So of course, it is played against the \$4,000 annual bonus.

Senator NUNN. What about this 10 to 18 year? Is that the \$4,000 bonus?

Admiral WATKINS. That's \$4,000.

Senator NUNN. Is everybody going to qualify for that, or everybody that's a nuclear officer?

Admiral WATKINS. Everybody who maintains his qualification and keeps his so-called nuclear designator active, and does not remain separated from duty aboard a naval vessel on duty involving direct supervision, operation, or maintenance of nuclear propulsion plants for more than 3 years.

Senator NUNN. I thought you said a little while ago that you wouldn't need any bonus after 10 years of service because they were career oriented then.

Admiral WATKINS. That has been the classic approach to life in the services and is applicable to most others, sir, but it is not applicable to these individuals who, when they reach that point, are not that impressed with the 20-year Navy retirement salary when they can move out to industry, in the civilian sector, and make so much more, and still enhance their civilian retirement outlook in the process.

On the other hand, others in the Navy who don't seem to create that demand for their services in the civilian sector seem to be more motivated to hang in for the next 10 years to maintain their option to retire early.

Senator NUNN. You also have authority here for a \$4,000-a-year bonus to nuclear-qualified officers with 19 to 25 years of service in direct supervision, operation, or maintenance of nuclear plants. Is that correct?

Admiral WATKINS. That is correct, sir.

Senator NUNN. Let's start off with a young nuclear officer. He comes in the service and goes through 1½ years training, and then he gets a \$3,000 bonus, is that right?

Admiral WATKINS. Yes, sir.

Captain BURKHARDT. He gets \$1,500 now.

Senator NUNN. Well, under this proposal.

Admiral WATKINS. Up to \$3,000.

Senator NUNN. Up to \$3,000.

Then after he stays in 3 years, he can elect to sign up for 4 more years, is that right?

Captain BURKHARDT. He has to be in a total of 4 years in order to sign up, because he has a 5-year initial obligation.

Senator NUNN. He has a 5-year obligation. OK, he stays in 4 years, and then he signs up for 4 more years, and he gets the \$20,000 bonus.

Admiral WATKINS. Taking him to the ninth year. That's 4 more years beyond initial obligation, so that's through the ninth year.

Senator NUNN. That's through the ninth year.

Admiral WATKINS. Yes, sir.

Senator NUNN. All right, then, after the 10th year, he gets \$4,000 a year from then to the 18th year, as long as he's in the nuclear program.

Admiral WATKINS. That's correct, sir.

Senator NUNN. That will be 8 more years.

Is there a gap between the 9th and the 10th?

Captain BURKHARDT. Oh, no, he gets the \$4,000 for that year.

Senator NUNN. So he basically keeps up his pay.

Captain BURKHARDT. He would not have to take the \$20,000 bonus at the 4-year point if he chose in fact to take it later; say, at the 6-year point. He then might be obligated to the 10th year. In other words, he has the option to take that bonus anywhere from the 4-year point to the 10-year point.

Senator NUNN. So he really is getting an average of about \$4,000 a year after he completes his initial term, as long as he stays in the nuclear field, up to 25 years?

Captain BURKHARDT. Up to the 19th year, because then he has to be assigned to one of the qualifying jobs. There are only 78 jobs in the entire Navy that make him eligible: commanding officers of nuclear ships, squadron commanders of nuclear submarines, and so forth. They are seagoing jobs. So he is probably going to have not more than at the most 4 years' pay in that 19 to 25 years, and normally only 2 years in that period that he would be eligible.

Senator NUNN. You say if he becomes an admiral, he's not eligible for any bonuses.

Admiral WATKINS. That's right, sir.

Senator NUNN. Is it possible that he could become an admiral, stay in a nuclear billet, and receive less pay than he would before he was promoted?

Captain BURKHARDT. It would certainly be true initially, he is going to get less, because he is going to get frocked; even a frocked admiral won't get this pay.

Admiral WATKINS. It's possible, sir. We have a pay scale which shows the regular military compensation, submarine pay, the current incentive pay which has now lapsed, the proposed incentive pay and the civilian industry counterpart through the rank of captain, we could add flag and provide that for the record, sir.

[The information follows:]

The following is a typical pay scale for a nuclear-qualified submarine officer:

Years of commission- ed service	Rank	Duty	RMC	Sub pay	Cur- rent incen- tive pay	Total	Propo- sed incen- tive pay	Total	Civilian industry salaries offers.
0 to 1.....	Ensign.....	(1)	11,032			11,032		11,032	
1 to 2.....	do.....	(2)	11,032	1,200		12,232		12,232	
2 to 3.....	Lieutenant junior grade.	(2)	13,633	1,500		15,133		15,133	
3 to 4.....	do.....	(2)	15,792	1,800		17,592		17,592	
4 to 5.....	Lieutenant.....	(2)	18,155	1,980		20,135		20,135	20,000
5 to 6.....	do.....	(3)	18,155		3,750	21,905	5,000	23,155	
6 to 7.....	do.....	(3)	18,848		3,750	22,598	5,000	23,848	
7 to 8.....	do.....	(4)	18,848	2,160	3,750	24,758	5,000	26,008	
8 to 9.....	do.....	(4)	19,398	2,200	3,750	25,368	5,000	26,618	
9 to 10.....	Lieutenant Com- mander.	(4)	20,282	2,340		22,622	4,000	26,622	26,000-28,000

Years of commission- ed service	Rank	Duty	RMC	Sub pay	Cur- rent incentive pay	Total	Proposed incentive pay	Total	Civilian industry salaries offer
10 to 11.....	do.....	(5)	21,390	-----	-----	1 21,390	4,000	1 25,390	-----
11 to 12.....	do.....	(5)	21,390	-----	-----	1 21,390	4,000	1 25,390	-----
12 to 13.....	do.....	(6)	22,390	2,580	-----	24,970	4,000	28,970	-----
13 to 14.....	do.....	(6)	22,390	2,580	-----	24,970	4,000	28,970	-----
14 to 15.....	do.....	(7)	23,239	2,640	-----	25,879	4,000	29,879	-----
15 to 16.....	Commander.....	(8)	24,759	2,700	-----	27,459	4,000	31,459	-----
16 to 17.....	do.....	(8)	26,290	2,760	-----	29,050	4,000	33,050	-----
17 to 18.....	do.....	(8)	26,290	2,760	-----	29,050	4,000	33,050	-----
18 to 19.....	do.....	(9)	27,580	2,940	-----	30,520	4,000	34,520	-----
19 to 20.....	do.....	(9)	27,580	2,940	-----	30,520	4,000	34,520	32,000-36,000
20 to 21.....	do.....	(10)	28,313	-----	-----	1 28,313	-----	1 28,313	-----
21 to 22.....	Captain.....	(10)	31,264	-----	-----	1 31,264	-----	1 31,264	-----
22 to 23.....	do.....	(10)	32,927	-----	-----	1 32,927	-----	1 32,927	-----
23 to 24.....	do.....	(11)	32,927	-----	-----	1 32,927	4,000	1 36,927	-----
24 to 25.....	do.....	(11)	32,927	-----	-----	1 32,927	4,000	1 36,927	-----
26 to 29.....	Rear Admiral.....	(10)	40,589	-----	-----	1 40,589	-----	2 49,589	-----

¹ Not eligible for submarine pay.

² Not eligible for nuclear officer incentive pay.

DUTY ASSIGNMENTS (TYPICAL CAREER PATTERN)

- (1) Nuclear Power Training.
- (2) Submarine Division Officer.
- (3) Nuclear Power Training Unit Instructor.
- (4) Submarine Department Head (e.g. Engineer Officer or Operations Officer).
- (5) Bureau of Naval Personnel.
- (6) Submarine Executive Officer.
- (7) Prospective Commanding Officer Training.
- (8) Submarine Commanding Officer.
- (9) Submarine Squadron Training and Readiness Officer.
- (10) Chief of Naval Operations—Staff.
- (11) Commanding Officer Submarine Tender.

Senator NUNN. All right.

Would any officers after 25 years of service qualify for any bonus?

Admiral WATKINS. No, sir.

Senator NUNN. I have a good many questions on detail and I'll submit them for the record.

Senator Bartlett?

Senator BARTLETT. Thank you. I notice on page 2 of the book that I was furnished that your retention since 1966, with the exception of a little change in 1972 and 1973, has continued to drop. Would you anticipate without taking the action that you propose, that this retention would continue to drop?

Admiral WATKINS. I don't think there's any question of it, sir. We predicted in 1969 that were we not to obtain relief, we would drop to 28 percent in that year, and with the impending legislation, that was held to a constant 33 percent which was 5 percent higher than that shortly before the bonus legislation.

So we anticipate that current retention would continue to decline in like fashion. We have every indication from our analysis from the field that it will rapidly deteriorate if we do not get relief, sir.

Senator BARTLETT. Do you happen to have a figure for 1980 or 1985 projected?

Admiral WATKINS. We are predicting greater than 45. Our goal is 51 for the steady state retention. We have only achieved 47 to date. I don't have any great expectation that we are going to get to 51, but that is our goal, sir.

Senator BARTLETT. I understand.

Admiral WATKINS. If we don't, we will only extend out the projected "get well" date, which we are now estimating to be 10 years, assuming we get the legislation and can continue it that long without any other major perturbations on the systems.

Senator BARTLETT. This report also shows that currently 12.1 percent of nuclear trained precommand officers are on-shore, indicating that the difference, roughly 88 percent, are on sea duty.

Are those on shore duty all in the United States, or are they all assigned to positions off ships or are some of those assigned to ships?

Admiral WATKINS. For the most part, sir, those individuals are assigned to key jobs in the nuclear power support area, such as our nuclear power schools, the nuclear power prototypes, the nuclear power examining boards, or on the staffs of the fleet commanders, the key jobs in Washington such as Captain Burkhardt on my left, and his staff that are now the nuclear power program managers, a few people in Admiral Rickover's office and the like.

Captain BURKHARDT. There are also people assigned to submarine squadron staffs and submarine tenders.

Senator BARTLETT. Could that be in Guam or someplace like that?

Captain BURKHARDT. Yes; in Guam.

Senator BARTLETT. Of the ones who are assigned to submarines and to nuclear ships, explain just what their sea duty consists of, how long is it, and then how long would they be ashore.

Admiral WATKINS. In general, sir, our current situation is this. A Naval Academy graduate comes into the nuclear power program and spends his first 1½ years in training. Assuming he enters the nuclear power training program immediately, then followed by some en route training to his first command, he has his first 1½ years ashore, if you will, under those circumstances. He then moves to sea, and except for a 1½ to 2 year stint between there and the 18th year of service, he is at sea on a ship.

Senator BARTLETT. I understand.

Admiral WATKINS. And during that 1½ to 2 year stint ashore, that is the group in the 12.1 percent that we just talked about.

Senator BARTLETT. All right. Of the 18 years that he is at sea, how much of that time would he normally be at a port in this country, and at a port somewhere else?

Admiral WATKINS. Yes, sir. Currently the SSN attack submarines are operating 54 percent of the time out of home port. When they operate out of home port, about 95 percent of that time is at sea submerged. The other five percent might be a visit to La Maddalena or one of the foreign ports in Italy that allows us in.

For the Polaris/Poseidon crews, by design they are 50 percent away from home port and deployed.

For the nuclear surface ships, their operations are largely governed by operational demands at the time, but we can say in general that they are about 40 to 45 percent away from home port. They do not have the operational tempo curtailment that the fossil fuel fired ships have on them; as a consequence the demands on operating them are less stringent. So they are kept at sea more because they are available and they do not have the oil problems. These percentages, then, ex-

press the magnitude of the sea/shore problem facing all of the nuclear trained officers.

Senator BARTLETT. Is there any shifting around of nuclear officers from the attack submarines to the Polaris/Poseidon, and to the nuclear-powered surface ships?

Admiral WATKINS. Yes, sir, there is, and I'd like Captain Burkhardt to get to the specifics on that.

Captain BURKHARDT. There's a designed shift back and forth from the attack submarine to the Polaris/Poseidon submarine, and each officer is required to serve in both ship types prior to command. He probably would choose one ship type to serve the majority of his tours, but he has at least one tour on the other ship type. There is little flow back and forth between the nuclear submarine force and the nuclear surface force, although there is some. We've had some nuclear surface officers who have volunteered for submarines and come into the submarine business. We've had some that have been commanding officers of submarines. Occasionally we've had officers go from submarine to surface. Generally, though, it is when he becomes disqualified for submarine duty because of some physical problems.

There have been situations where, in order to fulfill a need in the nuclear surface navy, submarine officers have been sent over there, and in fact, Admiral Watkins and I, both, have been executive officers on the nuclear cruiser *Long Beach*, and so we have filled in. And right now we have two nuclear submarine postcommanding officers who are commanding nuclear surface ships because we didn't have enough nuclear surface officers to command them.

Senator BARTLETT. Which service is the most demanding for a nuclear officer from the command point of view and from the personal point of view?

Captain BURKHARDT. I would say from my experience in both types that it is very similar. The demands are different, but they are just as stringent. One of the difficult parts in the surface Navy is that not only are they as difficult, but there is that very close comparison to the other large groups of people who are not meeting those stringent requirements. So both for the officer and the enlisted man on the nuclear surface ship, he feels more "picked on" than he would on a submarine, because on a submarine everyone is in the same boat, so to speak—all of the officers generally are nuclear trained, meeting the same requirements.

Senator BARTLETT. Is this because the nuclear powerplant needs attention full time rather than shutting it down in port?

Captain BURKHARDT. That's absolutely right. The conventional surface ship can come in and essentially turn the key off, but on the nuclear surface ship, the people must come in and they stand the same sort of one in three duty rotation as the submarine people do, whereas it is about a one in six duty rotation on conventional ships.

Admiral WATKINS. In fact, in some situations it requires more men to operate the nuclear powerplant in port than it does underway, depending upon the power sources available.

Senator BARTLETT. Well, it would seem to me that the requirements on the nuclear officers, and I guess particularly the submarine officers, and perhaps all of them, would be very demanding.

Does this show up at all in divorce rates with the personnel involved?

Admiral WATKINS. No, sir. We have looked at that in the past because the question has come up, and it's a good question. It turns out that a little separation is helpful, sir. [General laughter.]

And we really don't see any change in divorce rate statistics. Divorce rate, I think, is simply not one of our normally used indexes.

Senator BARTLETT. Do you feel that having more officers would help with the morale both at home as well as with the individuals involved?

Admiral WATKINS. Yes, sir, there is no doubt about it. The workloads we are imposing on these officers are really severe. They are unreasonable. On the other hand, the officers are willing to put in these long hours, realistically 14- to 16-hour days, and this goes on year after year, and are not going to complain about them with appropriate recognition. I think it would be useful maybe to allow me to read just a very short paragraph written by the House Armed Services Committee as a result of their findings on the rather extensive surveys they took on station in Rota, Guam, and in Norfolk during their recent trip, and I would like to quote:

In its extensive interviews with nuclear qualified officers, the subcommittee was impressed by the sense of professionalism and high morale among this dedicated officer force. The officers and men in attack and ballistic missile submarines are fully aware that they are performing a job of critical national importance.

Despite the long hours, they almost uniformly state that they find the work challenging, that they have great respect for and pride in the nuclear force. They recognize the necessity for exacting and demanding requirements, and speak in strong support of the rigorous training program and operational requirements that Admiral Rickover has instilled in the nuclear force. What these young officers need is the realization that the extraordinary task they are performing is recognized. The Armed Services Committee found that the sense of recognition is as important to these young officers as the financial reward itself. They have to know that their very special kind of service is appreciated.

And I think that fairly and objectively, not coming from the blue suit side of the Navy, and from extensive interviews, indicates what we had reported to the committee during the House hearings, sir.

Senator BARTLETT. Thank you, Admiral. Thank you, Captain.

Mr. Chairman, thank you.

Senator NUNN. One other question. Captain, you are in the nuclear program now?

Captain BURKHARDT. Yes, sir.

Senator NUNN. You always have been in it?

Captain BURKHARDT. Well, I entered the program after about 4 years of service. There were no operating nuclear submarines when I first came in the Navy.

Senator NUNN. Well, just as a matter of interest, if you could give us an example of how this system would have worked with the assignments that you have had—if it had been in effect during your career—up to the present time, and what you're doing right now.

Captain BURKHARDT. Yes, sir, I entered the nuclear power training program in about the 4th year of service, so I would have been eligible for an accession bonus if one had existed.

Senator NUNN. Once you completed your year and a half of training?

Captain BURKHARDT. That's right. I completed the training in about the 5th year of service, and therefore would have been eligible for an annual bonus or the 4-year continuation bonus, although none of those existed. I served in *Nautilus* for 3 years, and went right from that to commission U.S.S. *Pollack* as engineer officer for 2½ years, so I would have certainly qualified during that period of time.

At this point I was a lieutenant commander. I went to naval reactors and worked for Admiral Rickover for 2 years. This was my shore duty, and then I went off to be an executive officer of a Polaris submarine in the Pacific for 2 years. At this point I was a commander, and then I went right from that to command an attack submarine in the Atlantic, the *Gato*. I was on that submarine for 2 years and 3 months and was pulled off there rather quickly with about a week to get to the west coast to be executive officer of the U.S.S. *Long Beach*—I was a captain at this point, and I spent 2 years on the *Long Beach*, and of the 2 years, we were deployed 14 months.

Senator NUNN. The *Long Beach* is—

Captain BURKHARDT. A nuclear cruiser. And I came from that job, at about the 19-year service point, to the job that I am in now.

Senator NUNN. What is your exact job now?

Captain BURKHARDT. I'm the nuclear power personnel manager for the Chief of Naval Personnel, and I am also the assignment officer for all submarine officers and all nuclear officers.

Senator NUNN. And you've been in 19 years now?

Captain BURKHARDT. No; I've been in 22 years. I have been in this job almost 3 years.

Senator NUNN. Three years. Would your job now be eligible?

Captain BURKHARDT. No; it would not.

Senator NUNN. You would have been eligible the first 20 years of your career?

Captain BURKHARDT. I would have been eligible from the 5th year to the 19th.

Senator BARTLETT. If the Senator would yield for one question. Have you been offered opportunities by private enterprise?

Captain BURKHARDT. No, and I have not gone out to seek them. I think that is a great difference, and if you look through the testimony you can see that. People who are my contemporaries never got these calls at home to go to work. We had to go out and look for it. That's the difference right now, because there are so many nuclear officers out in private industry that they're calling their old shipmates and inviting them to come out. That never occurred to us, and no one ever stood in line on the pier to offer jobs.

However, I am well aware of what my contemporaries are doing. I have a lot of contemporaries who are vice presidents of utilities, and I'm sure that I could do the same if I wished to do that.

Senator NUNN. Well, one thing they are doing is they are going before public utility commissions with long, anguished faces about how they can raise their rates, so it is worse than appearing before the Senate Armed Services Committee. But at your present job you would not be eligible?

Captain BURKHARDT. That's right.

Senator NUNN. Well, why is that? You're still working with the nuclear program. What's the distinction?

Captain BURKHARDT. Because I am not directly involved with operating a nuclear propulsion plant.

Now, my next job will be a squadron commander of about 10 nuclear attack submarines, and in that job I will be responsible for the safe operation of all 10 submarines, and I will be authorized a bonus in that job.

Senator NUNN. All right. Let's go back to last year's proposal, which was basically like flight pay. You get so much a month from the day you signed up as a nuclear officer, isn't that right?

Admiral WATKINS. It was very similar to the aviation career incentive pay package.

Senator NUNN. In your present job now, would you have continued to be eligible for that pay?

Captain BURKHARDT. Yes, sir.

Senator NUNN. Well, you say the costs are approximately the same. Is that almost identical, between this program and the program we had last year?

Captain BURKHARDT. No. The pay amounts to about \$3,000 a year with the continuous pay, and because of the sort of transitory nature of the bonus, we thought that in order to go from that, which we had talked to the officers about and they wanted, to a bonus system which they couldn't count on for the long term, we needed to go from \$3,000 to \$4,000.

Senator NUNN. How do you compare these two programs, the one you're handling now is a bonus program; the other was a pay program on a steady basis.

Captain BURKHARDT. I think this one would do the job just as well as the other program. The other program was in response to the officers wanting to have career stability. In other words, they're not interested in how much money they are earning today, but they're interested in how much money they're going to be earning when they're sending their kids to college, like the captains that they're working for. They are interested in a stable career pay because that is what they are being offered on the outside, although this perception is not particularly accurate, because they could have been fired on the outside.

But in discussions that I've had with them, the fact that this bonus program does not demand an obligation from them, and it does continue throughout all of the hard, seagoing nuclear jobs, they look upon it as being as favorable as the continuous pay program, and I think it does have the valuable advantage that we can look at it after 5 years and determine whether it is still necessary.

So, it doesn't have the disadvantage of becoming an institution.

Senator NUNN. It's more flexible.

Captain BURKHARDT. I think it's a better program, and we appreciate the advice we got.

Senator NUNN. Admiral, do you have any other comments?

Admiral WATKINS. No, sir, I don't have anything further on the details of the bill. But I would like to add, sir, that there is an urgency to this bill; as you know, we have had the bill before the Congress for a year now, and under the pressure of other congressional business, it has been difficult to get to. This is a very critical month; the old fiscal year ends. This means that, throughout the Navy, a very large inventory of individuals are hanging on the career decision fence. We have such a nuclear trained group hanging on the fence now, and I would like to encourage taking steps necessary to expedite moving this through the system, sir.

Senator NUNN. Fine.

Admiral, if you will go out and get us a quorum, we'll take it up right after you leave.

Admiral WATKINS. I'll do that, sir.

Senator NUNN. All we lack is a quorum. We'll move fast on it now. I know you have a problem. We've just received the bill from the House. We had to get through our bill on the floor of the Senate, the major bill, before we could take it up, but we are going to move it very promptly through this subcommittee, and I'm hoping the full committee and the Senate will, also.

Admiral WATKINS. Thank you very much for your courtesy, sir.

Senator NUNN. Thank you, Captain, thank you, Admiral.

I will have additional questions for the record and we will go into some detail.

[The questions follow:]

ADDITIONAL QUESTIONS SUBMITTED BY SENATOR SAM NUNN, ANSWERS SUPPLIED BY CHIEF OF NAVAL PERSONNEL, DEPARTMENT OF THE NAVY

Senator NUNN. Explain the current bonus authority. Who is entitled to the bonus? How many officers receive the bonus annually?

Admiral WATKINS. Authority for the previous bonus, section 312 of Title 37, expired on 30 June 1975.

Under this law, nuclear qualified officers who had completed their initial service obligation but had not exceeded 10 years of service and who contractually agreed to remain on active duty for four additional years were eligible to receive a one time bonus of \$15,000 paid in 4 or 5 annual installments.

Although this program expired last year, 364 officers received anniversary payments under this program in fiscal year 1976 as the result of their 4 year commitments made prior to the expiration of the program.

Senator NUNN. How do you assess the effectiveness of the current bonus? What has been the experienced retention rate for effected officers before and after the bonus authority was instituted?

Admiral WATKINS. Initially the bonus was very successful. After its implementation in July 1969, retention improved from a projected low of 28 percent in fiscal year 1970 to a 47 percent rate in fiscal year 1973. Commencing in fiscal year 1975, however, retention began to decline. Retention was 41 percent in fiscal year 1975, will not exceed 34 percent in fiscal year 1976 and is projected to be 31 percent in fiscal year 1977. The decreasing effectiveness of the bonus resulted from an increasing reluctance on the part of junior officers to obligate themselves for the four additional years required under the bonus law, and a decrease in the real dollar value of the bonus as the result of inflation.

Senator NUNN. What is the current inventory of nuclear qualified officers by length of service? How does this compare with stated requirements? What are the implications of the shortfall on fleet manning and personnel assignments?

Admiral WATKINS. The inventory and requirements for nuclear trained officers in fiscal year 1976 are shown in the following table:

NUCLEAR TRAINED OFFICER INVENTORY VERSUS REQUIREMENTS

Years of service	Inventory	Requirement comparison
1.....	(1)	-----
2.....	257	-----
3.....	347	-----
4.....	260	-----
5.....	201	-----
6.....	109	-----
7.....	111	-----
8.....	121	-----
9.....	83	-----
10.....	70	-----
11.....	74	-----
12.....	65	-----
13.....	69	-----
14.....	66	-----
15.....	75	-----
16.....	49	-----
17.....	62	-----
18.....	50	-----
19.....	36	-----
20.....	29	-----
21.....	48	-----
22.....	40	-----
23.....	30	-----
24.....	28	-----
25.....	15	-----
Total.....	2,295	-----
Junior officer.....	1,065	1,540
Middle grade officer.....	1,004	1,310
Post command officer.....	226	390
Total.....	2,295	3,240

¹ Training.

The inventory of nuclear trained officers is currently 71 percent of that desired. The following manning impact has resulted from these inventory shortages:

Nuclear powered ships remain fully manned primarily because we have extended nuclear trained officers in shipboard assignments rather than rotating them to duty assignments ashore.

Shore duty billets involving direct support of nuclear powered ships and nuclear propulsion training activities are still fully manned. If retention continues at current rates, however, by 1977 we may be unable to man these direct nuclear support billets.

Shore duty opportunity has been sharply curtailed. Less than 12 percent of the pre-command officers are now assigned to duty ashore and these officers generally serve in nuclear propulsion training activities or direct support billets for nuclear powered ships. Most nuclear trained junior officers now face a 10 year period of uninterrupted sea duty from the 8th to 18th year of service. Lack of shore duty opportunity has had the following impact:

Increased sea duty results in decreased retention. Uninterrupted tours of arduous sea duty are most often cited by nuclear trained officers as the primary cause of officer resignations.

Nuclear trained officers are not available for broadening duty assignments in other areas of the Navy nor is their unique expertise available to Navy commands outside of the nuclear propulsion field.

Selectivity for commanding officer and executive officer of nuclear powered ships is declining. As inventories decrease, every available officer must be assigned to these important jobs with a corresponding reduction in the overall quality of these key personnel.

Senator NUNN. What are the current retention rates for nuclear qualified officers by length of service? How does this compare to retention rates for other Navy officers? How do you expect the bonus to affect retention rates?

Admiral WATKINS. Officer retention is defined by the Department of Defense as the inventory of officers two years after completion of initial obligated service divided by the inventory of those officers one year before completion of initial obligated service. For nuclear trained officers, this corresponds to retention of officers who reach minimum service requirement at the 4 to 5 year service point. Nuclear trained officer retention was 41 percent in fiscal year 1975, will not exceed 34 percent in fiscal year 1976 and is projected to be 31 percent in fiscal year 1977.

Nuclear trained middle grade officer post-bonus losses are measured by the percent of officers completing their bonus obligation, usually at the 8-10 year point, who elect to resign. 34 percent of those officers most recently completing their bonus obligation have been lost to the nuclear trained officer community.

The table below shows retention in the aviation and surface warfare (non-nuclear) communities in comparison to nuclear trained submarine officer retention.

COMPARISON OF NAVAL OFFICER RETENTION YOS 4-5

[In percent]

Year	Pilot aviation	Surface warfare	Nuclear submarine
1975.....	45	30	41
1976.....	54	50	34
1976 goal.....	45	44	51

Because the 4 year bonus option is unique to the nuclear qualified officer community, other naval officer communities have not experienced severe losses of officers at the 9-10 year point of service.

After implementation of the first bonus in July 1969, nuclear trained officer retention improved from a projected 28 percent to 33 percent in 1970 increasing to 47 percent in 1973.

If H.R. 10451 is enacted, a similar reversal of the retention decline can be expected.

1977 projected retention of 31 percent may improve by as much as 5 percent to 36 percent as it did in 1970.

Similar improvements in 1979 and 1980 would result in over 45 percent retention.

Post bonus losses should decline from over 30 percent to 10 percent in the next few years. (10 percent is the post-bonus resignation rate prior to 1974.)

Utilization of the accession bonus to increase regular officer input may further increase retention by 5-10 percent six years from now.

Senator NUNN. What are projected requirements for nuclear qualified officers over the next five years? What retention rates will be necessary to meet these requirements?

Admiral WATKINS. The following are the current and projected nuclear qualified officer requirements:

Requirements

1976.....	3240
1977.....	3374
1978.....	3577
1979.....	3748
1980.....	3821

The current requirements are based upon manning billets on operational nuclear powered ships, direct nuclear support billets ashore and meeting normal sea-shore rotation requirements. The projected requirements reflect the increasing number of nuclear powered ships, both under construction and authorized, the increasing number of direct nuclear support billets ashore and the necessary increase in the size of the community to meet sea-shore rotation requirements.

The current inventory of 2295 nuclear trained officers is only 71 percent of the desired inventory of 3240. Much of this shortage is concentrated in experienced middle grade officers and, in order to completely overcome these shortages, a sustained retention rate of 51 percent will be required for several years.

Senator NUNN. What would be the impact of the accession bonus on the total Navy recruitment program? Would there be an increase in the total number of officers to the Navy? Would there be a quality drain on other Navy programs?

Admiral WATKINS. Currently, our Regular officer procurement programs such as the Naval Academy and the Scholarship NROTC are not providing their fair share of nuclear power accessions. With the accession bonus we would expect a greater number of nuclear power volunteers among the graduates from these programs. Total accessions would not be increased. Total officer accessions, including total nuclear power accession requirements, are carefully planned and any increase in Regular officer procurement program input to the nuclear power community would cause a corresponding increase in Reserve program quotas for the other warfare specialties. This would actually help us in our Reserve recruiting efforts, since the smaller Nuclear Power Officer Candidate (NUPOC) quota which would result would become more attainable, and we would not expect any significant difficulty attaining larger Reserve surface and aviation requirements from the available civilian market. In summary, while the bonus would not cause an increase in total officer accessions, we would expect a shift in the Regular/Reserve mix entering the nuclear power community. The bonus would induce more technically trained officers from our Regular procurement sources to pursue careers in nuclear power. However, this would not necessarily equate to a drain in overall quality from the surface and aviation communities.

Senator NUNN. What are the accession goals for this year and the next five years? How many officers are considered for the program? What are the sources for these accessions (Academy, NROTC, OCS)? How did you arrive at the level of \$3,000 for this bonus?

Admiral WATKINS. The accession goals for this year and the next 5 years are shown in the following table.

Year	Number officer accession goals	Goal
1976	-----	656
1977	-----	659
1978	-----	669
1979	-----	671
1980	-----	671
1981	-----	671

Approximately 840 officers were interviewed for nuclear propulsion training with 601 acceptances, a 72 percent selection rate. Of the 251 USNA midshipmen interviewed, the selectivity was substantially higher at over 80 percent. These figures are for 1975 accessions.

These goals are divided by commissioning source as follows:

USNA	-----	250
NROTC	-----	250
Other	-----	Remainder
(NESEP/OCS/NUPOC).		

The purpose of the accession bonus is to attract more USNA and NROTC officers to nuclear propulsion training in order to improve long range retention. In this regard, the recognition provided by the bonus probably outweighs the magnitude of the financial award. Navy intends to initially implement this bonus at a \$1,500 level, which is roughly equivalent to the special pay received by a naval aviator during flight training. The \$3,000 maximum amount incorporated in the law provides us with an additional flexibility in the event that financial comparability with other warfare specialties is insufficient to attract officers to nuclear propulsion training.

Senator NUNN. Why are you suggesting an increase in the current bonus for a four-year agreement from \$15,000 to \$20,000? How did you arrive at this level? Can you relate it to your assessment of the effectiveness of the bonus program?

Admiral WATKINS. From the Navy's point of view, the inventory stability provided by the four year bonus during the critical engineer officer tour is highly desirable in addition to compensating these officers for the arduous engineer job. In addition, since the contractual bonus provides retention incen-

tive up to two years prior to the \$4000 annual bonus, it is an early inducement for young officers to make a career decision.

The four year bonus was increased in amount from \$15,000 to \$20,000 in order to restore its real dollar impact to that which existed in 1969 when the bonus law was initially enacted. Coupled with the annual incentive bonus as an alternative, and a follow-on, to the four year contractual bonus, retention can be expected to improve by nearly 20 percent as it did after enactment of the 1969 bonus legislation.

Senator NUNN. Who qualifies for this bonus under the current program and the proposed program? How much does this part of the proposed program cost?

Admiral WATKINS. The eligibility criteria for the 4 year contractual bonus are unchanged from those existing under the \$15,000 bonus.

A save pay provision has however been incorporated in H.R. 10451 to permit officers who previously opted for the old \$15,000 bonus and who have served one year or less of their 4 year obligation, to cancel their old bonus obligation and obligate for an additional 4 years of service under the new \$20,000 bonus. This bonus eliminates the inequity which would otherwise occur between the young officer who already made a commitment under the old bonus law and his contemporary who has waited for enactment of H.R. 10451.

The \$20,000 bonus portion of H.R. 10451 will account for about 40 percent of the average \$5.7M annual cost. It was conservatively assumed in this estimate that all eligible officers would opt for the more expensive \$20,000 bonus option as opposed to the annual bonus system.

Senator NUNN. You propose a bonus of \$4,000 per year to officers with between 10 and 18 years of service. Previous nuclear bonus rates were at the rate of \$3,000 per year. How did you arrive at the \$4,000 level?

Admiral WATKINS. The annual bonus rate of the \$15,000 bonus over a four year period is \$3,750 per year. A \$4,000 annual bonus was selected because this amount of money provides a level of economic indifference to civilian nuclear industry salaries and it all but eliminates the pay inversion which now occurs when nuclear trained officers complete their four year bonus obligations. As an example, the total annual pay (RMC) for a nuclear trained submarine officer with ten years of service would be \$26,622 which is competitive with \$26K-28K civilian nuclear salary offers for officers of this experience seniority.

Senator NUNN. Who will qualify for this bonus? What is the current inventory of this service group and how many will qualify for the bonus? How much does this part of the proposal cost?

Admiral WATKINS. Officers who are currently qualified to supervise, operate and maintain naval nuclear propulsion plants are eligible to receive the \$4,000 annual bonus. Officers may not concurrently receive the 4 year contractual bonus nor may they receive the bonus for time in excess of three years in other than a qualifying nuclear billet. Approximately 500 officers have between 10 and 18 years of service and because of current shortages less than 20 of these officers would be ineligible for the annual bonus. About 35 percent of the \$5.7M average annual cost would be dedicated to payment of annual bonuses to officers in this category.

Senator NUNN. What is the current retention rate of this group and how will it change with this bonus?

Admiral WATKINS. Of greatest retention concern in the 10-18 YOS category of officers are losses occurring at the 10 year point where we are now experiencing a 30 percent loss of officers completing their 4 years bonus obligation. We expect this loss rate to decrease to 10 percent, an acceptable rate under this proposal, but middle grade officer inventories are already so seriously depleted that little relief from the continuous sea duty these officers must now face will be possible even if post-bonus retention improves.

Senator NUNN. If this bonus were limited to officers in direct supervision, operation or maintenance of nuclear plants, how many officers would be entitled to the bonus? If the new bonus authority is successful and the inventory improves, will large numbers of officers on shore duty be receiving the bonus?

Admiral WATKINS. Over 85 percent of these officers are now serving in a billet involving the direct supervision, operation and maintenance of naval nuclear propulsion plants and would remain entitled to this pay.

The ranks of officers in this seniority are already so depleted that no significant increase in officers assigned to non-nuclear shore duty is likely in the next 5 years. As the inventory does increase, it will allow for greater selectivity

for executive officer and commanding officer of nuclear powered ships. Officers who do not meet the performance criteria for these demanding jobs will not be eligible to receive the annual bonus. Desired selectivity for executive officer and commanding officer is 80 percent and 90 percent respectively. Even officers who do remain eligible for these positions would not receive this bonus after more than three consecutive years in other than a nuclear billet.

Senator NUNN. New authority to provide \$4,000 a year bonus to nuclear qualified officers with 19 to 25 years of service for time in direct supervision, operation or maintenance of nuclear plants. Who will qualify for this bonus? What is the current inventory of this service group and how many will qualify for the bonus?

Admiral WATKINS. Nuclear qualified commanders and captains with between 19 and 25 years of service will be eligible for the \$4,000 annual incentive bonus for that period of time that they were serving in billets involving the direct supervision, operation or maintenance of naval nuclear propulsion plants. The current inventory of this service group is 226 and about 80 of these officers will qualify for the pay at any one time.

Senator NUNN. How much does this part of the proposal cost?

Admiral WATKINS. Approximately 5 percent of the average annual \$5.7M cost of H.R. 10451 over the next 5 years would be dedicated to this category of officers.

Senator NUNN. Why do you feel that this part of the proposal is necessary? Are there retention problems in this group?

Admiral WATKINS. A number of our top performing officers in this category have opted to leave the Navy for higher paying jobs in nuclear industry. While no serious retention problem currently exists among these officers, the quality of our top leadership is degraded by this exodus. This special pay insures that officers receive increased pay commensurate with increased responsibility and that the best officers are recognized for their difficult seagoing nuclear jobs. Senior officers receiving this special pay are routinely involved in the direct supervision and evaluation of nuclear propulsion plant operation and, as a result, are in close contact with the junior and middle grade officers who are faced with a career decision.

Senator NUNN. New authority to pay a \$2,400 per year bonus to nuclear qualified officers who were nuclear trained enlisted personnel. Who will qualify for this bonus? What is the current inventory of this service group and how many will qualify for the bonus?

Admiral WATKINS. Warrant officers and limited duty officers who are currently qualified to supervise, operate and maintain naval nuclear propulsion plants and who are currently serving in a billet involving the direct supervision, operation and maintenance of naval nuclear propulsion plants will be eligible to receive this bonus. Less than 140 of these officers who received their nuclear training as enlisted personnel would be eligible under this category.

Senator NUNN. How much does this part of the proposal cost?

Admiral WATKINS. Approximately 5 percent of the average annual \$5.7M cost of H.R. 10451 over the next 5 years would be dedicated to this category.

Senator NUNN. Why do you feel that this part of the proposal is necessary? Are there retention problems in this group?

Admiral WATKINS. All nuclear qualified warrant officers and limited duty officers are selected from the nuclear trained enlisted community. Since these officers received \$150/month shortage specialty as nuclear trained enlisted personnel, the \$2,400 annual bonus (equivalent to \$200/month) was incorporated to minimize pay inversions which may occur on selection for officer status and to preclude these officers from being the only category of nuclear qualified personnel not recognized by special pay. While no serious retention problem currently exists in this small community, these officers are highly sought after by civilian nuclear industry for their unique technical expertise.

Senator NUNN. Thank you very much, gentlemen.

[Whereupon, at 12:25 p.m., the subcommittee proceeded to the consideration of other matters.]



