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[H.A.S.C. No. 96-64]

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H.R. 5168, H.R. 7626, and S. 1454

MISCELLANEOUS MILITARY PERSONNEL
MANAGEMENT AND MILITARY COMPENSATION
LEGISLATION

BEFORE THE

MILITARY COMPENSATION SUBCOMMITTEE

OF THE

COMMITTEE ON ARMED SERVICES

HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

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(II)

MARKUP SPECIAL PAY FOR HEALTH PROFESSIONALS

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
MILITARY COMPENSATION SUBCOMMITTEE,
Washington, D.C., Monday, September 10, 1979.

The subcommittee met, pursuant to notice, at 9:40 a.m., in room 2216, Rayburn House Office Building, Hon. Bill Nichols (chairman of the subcommittee) presiding.

Mr. NICHOLS. The subcommittee will come to order at this time.

The purpose of today's hearing is twofold. First, it is to consider and mark up a bill to restructure the special pays received by the military health professionals and second to consider a bill to extend certain expiring authorities affecting military officers.

[For hearings on Military Health Professionals, see HASC 96-23]

The staff will provide a presentation of the alternative special pay system for health professionals developed within the subcommittee. Following the staff presentation, it would be my intent to mark up legislation on special pay for health professionals using as a vehicle a bill based on the subcommittee alternative. I am hopeful that our series of hearings on military health care delivery will reach a successful conclusion today with the subcommittee reporting favorably on a bill to restructure the special pay system for military health professionals. We look forward, General, to a close and a mutually beneficial relationship.

This is of the essence.

In addition, certain authorities, mostly related to the officer personnel management system, will expire on September 30, 1979. The bulk of the problems that will arise upon expiration of these authorities will be addressed in the Defense Officer Personnel Management Act, DOPMA, which the subcommittee will consider in the near future. I am advised by the staff that the DOPMA bill was passed out of the Senate Subcommittee on Manpower and Personnel, and it is now with the full committee. Unfortunately, I do not believe that action will be completed on DOPMA in time to avoid the difficulties that will result. To provide us sufficient time to consider DOPMA in an orderly manner, I propose simply to recommend legislation to extend the existing authorities for 1 year.

I would like to receive testimony from the Department of Defense witness on the expiring authorities first, and then consider in depth special pays for health professionals.

On behalf of the members of the subcommittee, I welcome, for his first appearance before this subcommittee, Maj. Gen. R. Dean Tice, Deputy Assistant Secretary of Defense for Military Personnel Policy. We look forward, General, to a close and a mutually beneficial relationship.

General TICE. Thank you, Mr. Chairman.

Mr. NICHOLS. You may proceed.

STATEMENT OF MAJ. GEN. R. DEAN TICE, U.S. ARMY, DEPUTY ASSISTANT SECRETARY FOR MILITARY PERSONNEL POLICY, DEPARTMENT OF DEFENSE

General TICE. Mr. Chairman and members of the subcommittee. I appreciate the opportunity to testify today on the proposed legislation, DOD 96-87, which relates to the authorized numbers for the grades of lieutenant colonel and colonel in the Air Force and also provides authority for certain existing personnel management procedures in the Armed Forces.

Essentially, the purposed legislation is an omnibus bill which provides a permanent authority for certain statutory authorities that would have terminated as a result of the National Emergencies Act of 1976 and a permanent authorization for the present number of Air Force colonels and lieutenants colonels. Specifically, the bill would do the following.

It would amend the act of August 29, 1974, Public Law 93-397, 10 U.S.C. 8202 note, as amended (92 Stat. 719) to delete the expiration date and continue the present Air Force officer field grade limits.

This provision is critical for the Air Force, and it is a problem that Congress has recognized on many occasions in the past. If relief is not granted, the lower field grade authorizations contained in the 1954 Officer Grade Limitation Act will take effect and cause a series of adverse actions in the officer force. These actions include a promotion moratorium resulting in about 6,000 lost promotions, demotion of over 1,000 officers and the forced separation of many others within 1 year. The effect on the officer force as a result of these actions would be devastating.

It would extend certain authority related to the separation or retirement of members of the Armed Forces who are unfit to perform their duties because of physical disability.

In the absence of these provisions, service members with less than 8 years of service who are unfit for service because of physical disability incurred while on active duty for more than 30 days, would only be entitled to retirement or discharge under existing criteria if the disability were the proximate result of performing active duty. If not, the individual would only be entitled to disability severance pay if the disability exceeded 30 percent under the Veterans' Administration standards. This will effectively reduce the disability benefits that service members have been entitled to for over 26 years and will also directly and adversely affect the junior members of the Armed Forces, the very people we are attempting to attract and retain for a service career.

The proposal would allow all officers serving in the grade of major general in the Marine Corps to sit on boards to recommend brigadier generals for promotion to the grade of major general.

Without this authority, which was also terminated by the National Emergencies Act, the Marine Corps will be effectively unable to meet current statutory requirements when they convene their selection boards which consider officers for promotion to the grade of major general.

This proposal would repeal the requirement that certain Navy officers serve a minimum of 2 years' sea or foreign service in each

grade before being eligible for promotion to the grade of lieutenant commander or above.

This requirement, which dates back to 1917 congressional action on Navy promotion law, was suspended in 1964 because it severely constrained the Navy in the management of its officer force.

The technical developments of recent years have substantially increased the complexity of weapons, engineering and management systems. The assignment patterns that existed years ago when this requirement was enacted no longer exist. For example, today many unrestricted line officers are required to serve long and repeated tours ashore for training or duty in certain subspecialties critically important to the Navy. Because of Navy requirements, these officers are frequently unable to meet the sea duty requirement and would, therefore, be ineligible for justly deserved promotion consideration. While the Navy has no intention of departing from its traditional emphasis on duty at sea, the timing of sea duty is best determined administratively based on both the needs of the service and career planning for the officers involved.

This would continue authority for certain Navy officers in the grade of lieutenant, possessing critical skills and serving in lieutenant commander billets, to be temporarily promoted to lieutenant commander.

In this instance, the Navy desires to continue their program of promoting critical skill line lieutenants who are serving in lieutenant commander billets as engineer officers, engineering department principal assistants, material officers in afloat units and other staff engineering billets which directly support fleet engineering readiness. The Navy is experiencing a critical shortage of middle-grade officers in these skills with a consequent effect on fleet engineering readiness. This promotion is a proven low-cost retention incentive which justifiably also recognizes and rewards selected outstanding performers who are serving in difficult and responsible jobs.

This would reinstate certain authorities to permit the expeditious temporary promotion of warrant officers, ensigns and second lieutenants of the Navy and Marine Corps.

This proposal would permit the Navy and Marine Corps to promote officers concerned without formal acceptance of promotion.

In addition, it would also permit appointments for regular officers to be made by the President alone, without Senate confirmation. This would be similar to the authority for Reserve officers currently serving in these grades.

It would provide for the Navy and Marine Corps permanent authority to permit below the zone selections for promotion in numbers not to exceed 15 percent and permanent authority for below the zone selection for limited duty officers.

Although current law authorizes below the zone promotion for most Navy and Marine Corps officers on active duty, selections are substantially restricted. Below the zone selection is not authorized for limited duty officers. By way of comparison, the Army and Air Force have no similar restrictions. The capability to continue the promotion of top quality officers early will result in a better utilization of their talents and a commensurate improvement in retention.

This would establish revised minimum time-in-grade requirements for consideration for promotion and equalize these minimum requirements for male and female officers on active duty in the line of the Navy and on active duty in the Marine Corps.

Time-in-grade eligibility requirements were established by the 1947 Officer Personnel Act. In the years subsequent to the passage of the act, these limitations constrained the capability of the Navy and Marine Corps to select sufficient officers to fill vacancies occurring in certain grades. Consequently, a suspension of certain portions of the law was obtained. This suspension was vacated by the National Emergencies Act of 1976. Unless relief is granted in this instance, the Navy and Marine Corps will have to return to the provisions of 1947 law and will be unable to maintain current officer promotion practices.

Finally, this provision will equalize the treatment of women and male officers by amending applicable provisions of law which relate to promotion eligibility requirements for Navy and Marine Corps women officers.

The problems I have briefly outlined were largely addressed by the Congress last year when Public Law 95-377 was enacted. This law provided continuing authority for most of the military personnel practices affected by the National Emergencies Act until September 30, 1979. One year relief, vice permanent authority, was provided to afford the Congress the opportunity to complete action on another Department of Defense legislative item, the proposed Defense Officer Personnel Management Act. However, that proposal would not provide permanent authority for all of the personnel practices that were affected by the National Emergencies Act, nor is its enactment assured before September 30, 1979, the date of the expiration of current authorities. Our proposal would provide the necessary permanent authority for all items related to the National Emergencies Act as well as continuing authorization for the present numbers of colonels and lieutenant colonels in the Air Force. However, in the absence of permanent relief, a 1 year continuance of Public Law 95-377 will suffice pending final action on DOPMA.

Mr. Chairman, that concludes my prepared statement. I have representatives from the Air Force, Navy, and Marine Corps with me who will be pleased to answer any of your questions at this time.

Mr. NICHOLS. Thank you, General, for your presentation this morning. Being new on board, I am not sure that you know that the committee has voted out on two occasions the DOPMA legislation. This year we felt that it was time for the Senate to take action on it. We discussed this with Senator Nunn, and he agreed.

General TICE. Yes, sir.

Mr. NICHOLS. I know that you would prefer that DOPMA be passed if that is possible. So would I. As I see it, the next best thing is some temporary extension of the present law.

We have H.R. 5168, the legislation which would do that. We can act on that when we have a quorum this morning.

The only thing that I have to ask you, General, is this. All of the problem areas, of course, they would not be solved with DOPMA, at least in the House-passed version of it. Do you have any plans for action in the other areas, specifically the disability retirements?

General TICE. Yes, sir. We do, sir.

Mr. NICHOLS. Go ahead.

General TICE. Compared to the provisions of the House-passed DOPMA, there were three items contained in the omnibus bill that were not included. That was physical disability, the use of major generals, and the spot promotion for naval engineers. The Department's proposal for DOPMA would include all of these provisions with one exception, sir, as you mentioned on physical disability.

Now, the Department of the Navy would undertake as a special legislative item to clean this one piece of legislation up, Mr. Chairman.

Mr. NICHOLS. Thank you.

General TICE. Yes, sir.

Mr. NICHOLS. I have no other questions.

Mr. MITCHELL. I have no questions. I strongly support the bill. I can appreciate the disaster that would occur if we don't take this action. I am only sorry that we could not address it in DOPMA and not have to go along with another extension. It seems that Congress does that so well. It continues to extend rather than doing anything more comprehensive.

As the chairman said, we did pass DOPMA twice in the House. I am hopeful that the Senate will act expeditiously.

Thank you, Mr. Chairman.

Mr. NICHOLS. Are there any questions, Mr. Mollohan, at this time?

Mr. MOLLOHAN. No questions.

Mr. NICHOLS. Mr. Mavroules.

Mr. MAVROULES. No questions.

Mr. NICHOLS. Thank you, General.

General TICE. Yes, sir.

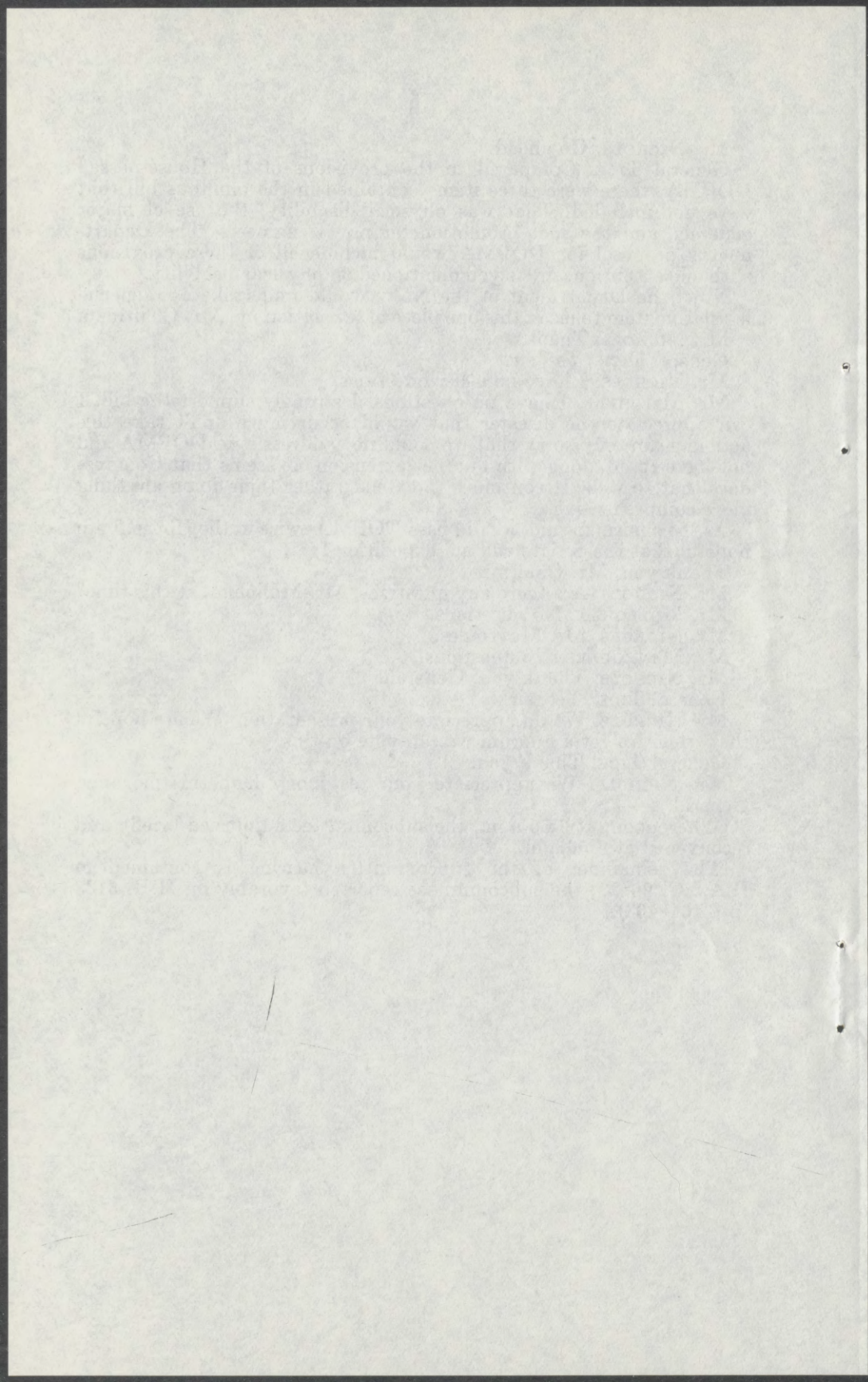
Mr. NICHOLS. We do appreciate your presentation. We are hopeful that when we get a quorum we can vote on this.

General TICE. Thank you.

Mr. NICHOLS. We appreciate your testimony here this morning, General.

[Whereupon, at 9:55 a.m., the subcommittee adjourned briefly and reconvened at 9:56 a.m.]

[The remainder of the subcommittee hearing is contained in H.A.S.C. 96-23; the subcommittee reported favorably on H.R. 5168 (pp. 461-463).]



CONSIDERATION OF MISCELLANEOUS LEGISLATION

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
MILITARY COMPENSATION SUBCOMMITTEE,
Washington, D.C., Thursday, November 15, 1979.

The subcommittee met, pursuant to notice, at 9:35 a.m., room 2216, Rayburn House Office Building, Hon. Bill Nichols (chairman of the subcommittee) presiding.

Mr. NICHOLS. The subcommittee will come to order.

The subcommittee meets today to consider miscellaneous legislation before the subcommittee.

The House passed H.R. 5168 on September 25, 1979. This bill extends, for 1 year, various personnel authorities that expired on September 30, 1979. The Subcommittee on Manpower and Personnel of the Senate Armed Services Committee has reported H.R. 5168 with four amendments.

These amendments would:

(1) Remove the Navy Chief of Chaplains from the cognizance of the Chief of Naval Personnel;

(2) Authorize advanced pay to a service member upon registration of an allotment for dependents, within 60 days prior to deployment of a unit.

(3) Authorize Army and Air Force Reserve enlisted personnel who have completed 20 years of active duty to retire with an immediate annuity.

(4) Authorize Reserve officers of the Army serving on active duty in positions of importance and responsibility designated by the President to carry the grade of general or lieutenant general to retire in that grade, retroactive to January 1969.

I hasten to point out that these amendments have not, at this time, been agreed to by the full Senate Armed Services Committee or the Senate for that matter. However, it is essential that H.R. 5168 be enacted before Congress adjourns this year. To assist in that goal, I would like to consider the substance of these amendments today and get an indication of the subcommittee's desires in these areas. Then when the Senate takes final action, we can go immediately to the full committee with our recommendations.

[H. R. 5168 is as follows:]

[H.R. 5168, 96th Congress, 1st Session]

A BILL To extend certain expiring provisions of law relating to personnel management of the Armed Forces

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Public Law 93-397 (10 U.S.C. 8202 note), is amended by striking out "beginning with October 1, 1974, through September 30, 1979" and inserting in lieu thereof "through September 30, 1980".

SEC. 2. Sections 2(a), 2(b), 3, and 10(b) of Public Law 95-377 (92 Stat. 719) are amended by striking out "September 30, 1979" and inserting in lieu thereof "September 30, 1980".

SEC. 3. Sections 1201(3)(B)(iv), 1203(4)(A)(iii), 1203(4)(C)(iii), 5787c(b)(2), and 5787d(g) of title 10, United States Code, are amended by striking out "September 30, 1979" and inserting in lieu thereof "September 30, 1980".

Mr. NICHOLS. In addition, I would like to consider today, S. 1454, a bill to permit, with the consent of the services involved, the option of interservice transfers between the military and the National Oceanic and Atmospheric Administration. Our committee has received joint referral of this bill together with the Committee on Merchant Marine and Fisheries and the Committee on Ways and Means. The other two committees have reported the bill favorably. I would like to report this bill out this morning, also.

To address the possible amendments to H.R. 5168, Maj. Gen. R. Dean Tice, U.S. Army, Deputy Assistant Secretary of Defense for Military Personnel Policy is here today. To address S. 1454, Capt. Jim Law, head of Officer Management Programs, Implementation Branch, will join us.

General Tice, we are glad to have you this morning. I believe you are going to speak on this bill, and I presume you will address specifically the four amendments that the subcommittee of the Senate has added.

STATEMENT OF MAJ. GEN. R. DEAN TICE, U.S. ARMY, DEPUTY ASSISTANT SECRETARY FOR MILITARY PERSONNEL POLICY, DEPARTMENT OF DEFENSE

General TICE. Yes.

Mr. Chairman, and members of the committee, it is a pleasure to appear before you to discuss certain personnel matters which are currently before the Congress. I would like to reaffirm the Department position on each of these items, and to respond to any questions on these issues that you might have.

As you are aware, we are subjecting personnel issues to considerable scrutiny and evaluation. The All-Volunteer Force, rising inflation, and comparison with the conditions experienced by civilian contemporaries, among other things, have provided the impetus for these actions.

The first issue, which I would like to discuss, concerns the legislative proposal to authorize advance pay upon registration of an allotment for dependents within 60 days prior to deployment of a unit.

When a service member elects to establish an allotment for his dependents prior to a deployment, procedures require that deductions be made from his monthly pay to accumulate the allotted amount prior to its payment. This, in effect, causes a reduction in take-home pay during the month preceding the deployment—a time of high expense.

Section 1006 of title 37 permits advance pay to service members under certain circumstances. There is, however, no legal authority for advancement of pay to cover an allotment made by a member for the member's dependents prior to the deployment of a ship or unit. The pending proposal would cushion the financial impact caused when earned pay is deferred to accumulate money to make an allotment payable. The financial impact of postponing receipt of earned pay for these critical pay periods is too great a sacrifice for the junior

member to make. This largely explains why junior members have been reluctant to start allotments.

We support this proposed amendment, which permits a member to receive regular pay during the two pay periods in the month in which the allotment is requested, permits the member's dependent to receive an allotment at the beginning of the following month, and have the amount advanced to cover the allotment amortized over a period of time prescribed by the service Secretaries. Enactment of this legislative proposal will not result in any increased budgetary requirements for the Department of Defense.

Mr. NICHOLS. If I might, could I take these one by one and make inquiries. I believe I prefer doing it this way.

General TICE. Very good.

Mr. NICHOLS. Could you give me a specific condition where this authority might be used.

General TICE. Say that a ship is getting ready to deploy for a Mediterranean cruise and an individual will be gone for 5 months. He chooses to make an allotment of his pay or a portion of his pay to his dependents. Under the current requirements, during the two pay periods, in other words, the midmonth and final month pay period, the money would have to be accrued in order to execute that allotment beginning on the first of the next month. So at this very critical time prior to the time the ship is to deploy, perhaps displacing his wife and getting his children settled, he would have a reduction of his pay.

Now granted the following month his wife would receive that allotment. This proviso would allow them to meet with the commanding officer or somebody to make the decision that there would be a hardship there and request this advance pay to meet the requirement of the allotment and then he would have perhaps up to 6 months to pay back this advanced pay.

Mr. NICHOLS. Let me ask you: Suppose the man dies or separates prior to repayment?

General TICE. Under current statutory authority in the final settlement that advance and all accruals of outstanding indebtedness the individual had would be settled in the final payment, so the Government would not lose the money advanced to this individual.

Mr. NICHOLS. Are you saying the final payment would be in excess in all cases of any advancement that would be made?

General TICE. I would say it would, because you are limited on the amount of your salary that you can execute an allotment for.

Mr. NICHOLS. Is 6 months the maximum time period over which the deductions will be made to pay this back?

General TICE. That is prescribed in the DOD manual that covers title 37, Pay and Entitlements, but under normal circumstances 6 months is the limitation. Under very rare and unusual circumstances an individual can provide and show cause and perhaps a commander would waive that for up to 12 months. Most are paid back within 6 months.

Mr. NICHOLS. I have no further questions.

Mr. FAZIO?

Mr. FAZIO. None.

Mr. NICHOLS. Proceed.

General TICE. The next issue concerns the amendment which would remove Navy chaplains from under the cognizance of the Chief of Naval Personnel. Currently, the Chief of Chaplains in the Navy functions, by law, at an intermediate organizational level under the direction of the Chief of Naval Personnel. This arrangement, which is unique to the Navy, is somewhat awkward because the scope of the functions and responsibilities of the chaplain largely fall outside the purview of the Chief of Naval Personnel. Moreover, this functional alinement has the appearance of downgrading the priority and importance of religion within the Navy and does not provide the Chief of Chaplains direct access to the Chief of Naval Operations in those matters which concern the religious and moral well-being of Navy personnel.

Assignment of the office and functions of the Chief of Chaplains under the Chief of Naval Operations would result in organizational improvement, add visibility to the importance of the functions of the Chief of Chaplains, place him on equal footing with his contemporaries in the other services, and enhance his ability to more effectively perform his mission and fulfill his responsibilities.

Another purpose of the proposed legislation relates to the selection of the Chief of Chaplains and his deputy. Presently, the Chief of Chaplains is selected by the Chief of Naval Personnel through the use of a selection board. Under the proposed legislation, the Chief of Chaplains would be separated from the Office of the Chief of Naval Personnel and would be appointed by the President by and with the advice and consent of the Senate. The Chief of Chaplains will still report to the Chief of Naval Personnel for personnel matters. The Deputy Chief of Chaplains will be entitled to the rank and grade of rear admiral while so serving. In view of the foregoing, this Office supports adoption of the proposed amendment.

Mr. NICHOLS. General, enlighten me a little. Does each branch have a Chief of Chaplains?

General TICE. Yes, sir. This proposed change would place the Chief of Chaplains of the Navy on the same status as the Chief of Chaplains of the Army.

Mr. NICHOLS. Is the Chief of Chaplains of the Army and of the Air Force today appointed by the President?

General TICE. The Chief of Chaplains of the Army is appointed by the President.

Mr. NICHOLS. How about the Air Force?

General TICE. The Air Force is not.

Mr. NICHOLS. Then you are recommending that this amendment would put the Navy on the same basis as the Army?

General TICE. Yes, sir.

Mr. NICHOLS. But not the same basis as the Air Force?

General TICE. In practice the Air Force works the same. The statutory authority at this time is not the same for the Air Force as for the Army.

Mr. NICHOLS. Is the Deputy Chief of Chaplains selected also by the President?

General TICE. No, sir, the Deputy Chief is not.

Mr. NICHOLS. In the selection of the Chief of Chaplains of the Army now, which you say is done by the President, is there any

specification that this nomination come from a specific hierarchy within the chaplains or could he go out here and get the pastor of the First Baptist Church of Plains, Ga., and bring him up and say I want him to be Chief of Chaplains?

General TICE. It comes from within the eligibles serving in the chaplaincy. This would change the nominating process for the Navy to the same procedures as the Army. These procedures are similar for lieutenant general and above for all services wherein the positions are designated by the President and specifically earmarked. And in the nominee process, the President has to approve them with the consent of the Senate.

Mr. NICHOLS. When you take this position out from under the Chief of Naval Operations as it is in the Army or the Air Force, who makes judgments on questions such as those that come to all Members of Congress about religion? You would be surprised how many letters we get on this subject. Two years back we had a very controversial song in one of the hymnals, as I remember. We got a lot of mail on that. I had to go to Chief of Chaplains—I believe it was Army in this particular case. Now since he is not under the Chief of Naval Operations or Chief of Staff, is his area of jurisdiction over there self-contained? Does he make these decisions or does somebody up higher make those determinations?

General TICE. I think the Chief of Chaplains in the Army—and it would be so in the Navy too—would make most of those decisions involving religion. But you know the chaplains deal in other matters, counseling problems and the social kinds of implications that are involved in the people structure of the armed services. And there, I'm sure the Chief of Naval Operations as well as Chief of Staff of the Army has some say-so.

Mr. NICHOLS. I gather by your support here this morning that the Chief of Naval Operations supports this?

General TICE. Yes, he does.

Mr. NICHOLS. Mr. Evans, do you have any questions?

Mr. EVANS. No, Mr. Chairman.

Mr. NICHOLS. Mr. Fazio?

Mr. FAZIO. No questions.

Mr. NICHOLS. Mr. Emmerichs?

Mr. EMMERICHS. Am I correct that presently in the Navy Chaplain's Corps, there is a rear admiral—lower half—and a rear admiral—upper half—one is Chief of Chaplains and the other the Deputy? Does the Chief of Chaplains have to be selected from the member who is the Deputy Chief of Chaplains? Is that automatic?

General TICE. No.

Mr. EMMERICHS. Under current law is this selection made from captains and above?

General TICE. No. Selection must be made from officers of flag grade. However, it is not necessarily so that the Deputy Chief of Chaplains is always selected to be the Chief of Chaplains. The Deputy could compete with another officer who was promoted to flag rank to fill the vacancy caused by the retirement of the Chief of Chaplains.

Mr. NICHOLS. Thank you, You may proceed.

General TICE. The next proposal would permit enlisted members of the Army and Air Force Reserve to be retired with an immediate annuity upon the completion of 20 years of active service.

Present law provides retirement eligibility with an immediate annuity to Regular and Reserve officers of all services after completion of 20 years of active service, at least 10 of which was service as a commissioned officer. Similarly, Regular enlisted members of the Army and Air Force may be retired upon completion of 20 years of active service. Regular enlisted members of the Navy and Marine Corps are offered a privilege of transfer to the Fleet Reserve or Fleet Marine Corps Reserve, respectively, with immediate entitlement to retainer pay. However, Reserve enlisted members of the services are accorded dissimilar entitlements.

Reserve enlisted members of the Navy and Marine Corps, upon completion of 20 years of active service, may transfer to the Fleet Reserve or Fleet Marine Corps Reserve, respectively, with entitlement to retainer pay. Army and Air Force Reserve enlisted members may be retired upon completion of 20 years of active service; however, such members are not entitled to retired pay until age 60, provided he or she is not entitled to retired pay under some other provision of law.

It has generally been the view of the Department that when the conditions of service are the same that in the interest of equity there should be similar or comparable treatment of members on matters resulting from that service, such as entitlement to retired pay. It is especially important in today's volunteer environment that members perceive and are entitled to similar treatment with regard to their service commitment. Consequently, those enlisted members of the Army or Air Force Reserve who have served on active duty for at least 20 years of service should be afforded the same treatment as other enlisted members and officers. The Department of Defense supports this legislation.

Mr. NICHOLS. I would remind the members of the committee that this provision was in the bill that we passed out last year. It was never acted on by the Senate. I have no questions about that.

Mr. EVANS?

Mr. EVANS. I have no questions.

Mr. NICHOLS. You may proceed, General.

General TICE. The final proposal concerns authorization which would allow Reserve officers of the Army serving on active duty in positions of importance and responsibility designated by the President to carry the grade of general or lieutenant general to retire in that grade. This provision would be retroactive to January 1969, the date of the Reserve Revitalization Act.

This proposal would correct an inequity in current law by permitting consistent treatment in the retirement of Army Regular and Reserve officers who have satisfactorily served in the grades of lieutenant general or general. At this time, enactment of the legislation would affect only one officer, Lt. Gen. Vernon Anthony Walters. General Walters, currently a retired Reserve major general, served as a lieutenant general when he was appointed as Deputy Director of the Central Intelligence Agency from the period April 1972 to June 1976. He was retired as a major general due to the constraints in current law. Although specific legislation to enable his retirement in the grade of lieutenant general was submitted to the Congress, the proposal was never enacted. The Department supports passage of this legisla-

tion. However, it is noted that the Air Force is similarly constrained in the retirement of Reserve officers in grades lieutenant general and general. Accordingly, we would ask that relief also be provided to the Air Force.

Mr. Chairman, this concludes my prepared statement.

Mr. NICHOLS. General, you say there is more than one officer involved besides Lieutenant General Walters. Might I assume that the significance of the date, January 1969, is an effort to take care of that officer?

General TICE. That is correct. General Walters retired in 1976, but 1969 is when the Reserve emergency legislation expired.

Mr. NICHOLS. Suppose the provision would be retroactive prior to 1969, suppose we made it 1960 or 1965, would there be other officers involved?

General TICE. Sir, there was one other officer in a similar situation. In that case a private relief bill was passed and enacted to allow that individual to retire as a lieutenant general.

Mr. NICHOLS. So then the only man you think is involved in this is that one individual?

General TICE. Correct.

Mr. NICHOLS. Even if we went back beyond 1969, to your knowledge there would be only this one man?

General TICE. Correct.

Mr. NICHOLS. What is the difference between a major general's pay in retirement, just ballpark, and a three star-general's?

General TICE. In this case for the officer concerned when we go back to 1976 to 1979, it is \$15,000 for that period of time, which is 4 years.

Mr. NICHOLS. On a monthly basis what is that figure, just ballpark? A couple hundred dollars a month?

General TICE. Yes; it's about \$3,000 per year.

Mr. NICHOLS. And if the provision in this case were retroactive, then he would be entitled to the difference in pay for these 5 years?

General TICE. Yes, sir. We have computed that out, and it amounts to about \$15,000.

Mr. NICHOLS. OK.

General TICE. As you know, sir, the current incumbent of the National Guard Bureau is serving in the grade of lieutenant general. He happens to be Army, but that position generally moves between the Army and the Air Force, and so that's why we ask that this also be extended to the Air Force.

Mr. NICHOLS. Any questions from any members?

Mr. EVANS?

Mr. EVANS. Is the Air Force in a position to say how many people would be affected?

General TICE. To date there are none.

Mr. NICHOLS. The same would be true of the Navy?

General TICE. This law is not applicable to the Navy in that the Navy has no provisions for reservists to serve in the grade of O-9 or above, sir.

Mr. NICHOLS. Does that conclude your testimony, sir?

General TICE. Yes, sir.

Mr. NICHOLS. I thank you, sir.

Our final item of business is S. 1454.
[S. 1454 is as follows:]

[S. 1454, 96th Congress, 1st Session]

AN ACT To amend the Act of August 10, 1956, as amended; section 716 of title 10, United States Code; section 1006 of title 37, United States Code; and sections 8501(1)(B) and 8521(a)(1) of title 5, United States Code

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3(a) of the Act of August 10, 1956, as amended (70A Stat. 619) (33 U.S.C. 857a(a)), is amended by adding at the end thereof the following new paragraph:

“(13) Section 716, Commissioned officers: transfers between armed forces.”.

Sec. 2. Sec. 716 of title 10, United States Code, is amended—

(1) by inserting the words “or the Commissioned Corps of the National Oceanic and Atmospheric Administration” after the term “armed force” wherever it appears in the first sentence;

(2) in the second sentence, by striking out the word “and” after the word “Defense” and inserting in place thereof a comma, and by inserting after the word “operating” the words “, and the Secretary of Commerce”; and

(3) inserting the following sentence at the end thereof: “An officer transferred under this section shall be credited for retirement and pay purposes with the same years of service with which he had been credited on the day before his transfer.”.

Sec. 3. Section 1006 of title 37, United States Code, is amended by inserting the following sentence at the end of subsection (a): “For the purpose of this section the term ‘armed force’ includes the Commissioned Corps of the National Oceanic and Atmospheric Administration.”.

Sec. 4. Title 5, United States Code, is amended as follows:

(1) Clause (1)(B) of section 8501 is amended to read “(B) as a member of the armed forces or the Commissioned Corps of the National Oceanic and Atmospheric Administration,” and

(2) Clause (a)(1) of section 8521 is amended by inserting the phrase “or the Commissioned Corps of the National Oceanic and Atmospheric Administration” after the phrase “armed forces”.

Passed the Senate September 6 (legislative day, June 21), 1979.

Attest:

J.S. KIMMITT,
Secretary.

Mr. NICHOLS. Captain Law is here. You may proceed.

STATEMENT OF CAPT. JIM LAW, HEAD OF OFFICER MANAGEMENT PROGRAMS, IMPLEMENTATION BRANCH

Captain LAW. Mr. Chairman and members of the subcommittee, I appreciate the opportunity to testify today on S. 1454.

The purpose of the bill is to permit the permanent voluntary transfer of commissioned officers between the military services of the Department of Defense, the National Oceanic and Atmospheric Administration, and the Coast Guard, when authorized by the Secretaries concerned. In addition, the bill would authorize advance payments to members of the Commissioned Corps of NOAA under the same conditions that such advance payments are presently authorized for members of the Armed Forces.

Finally, the bill would permit officers of NOAA to be treated the same as officers of the Armed Forces for purposes of unemployment compensation.

For the remainder of my brief remarks, I would like to provide some background information and review the major features of the bill.

PERMANENT VOLUNTARY TRANSFER

Under the current provisions of section 716 of title 10, United States Code, interservice transfers have been authorized, subject to regulations promulgated by the Secretary of Defense, between the military services since September 1, 1970.

At the present time, if an officer of the Armed Forces desires to transfer to the NOAA Commissioned Corps, he must resign his commission and seek a new commission in NOAA. Also, because of statutory restrictions, appointment in the NOAA Officer Corps is limited to appointments in grades O-1 thru O-3. Permanent transfer of NOAA officers to the Armed Forces is similarly obstructed. This bill would remove such a restriction and permit the lateral transfer of officers at any grade.

The bill also, however, would establish statutory provisions in section 716 of title 10, United States Code, for crediting years of service for retirement and pay purposes for officers transferred under the provisions of that section. Since the proposed provisions are contrary to current law applicable to the receiving service, and because appropriate provisions can be included in the joint regulation required by the section, the Department of Defense recommends that the words "for retirement and pay purposes" be deleted from the proposed amendment to section 716, title 10, United States Code.

WITH REGARD TO ADVANCE PAYMENTS

Under the current provisions of section 1006 of title 37, the authority to make advance payments applies only to members of the Armed Forces. The purpose of these advance payments is to provide a member with advance funds to meet extraordinary expenses incident to a change of permanent station, when on duty at a distant station where pay and emoluments to which he is entitled cannot be disbursed regularly, or when his dependents are ordered evacuated from a place by competent authority. This legislation would extend the authority to make advance payments to members of the Commissioned Corps of NOAA under similar circumstances.

UNEMPLOYMENT COMPENSATION

Under the current provisions of chapter 85, title 5, United States Code, an officer of the Commissioned Corps of NOAA, coming within the definition of "Federal employee," may qualify for unemployment compensation after discharge or release from active service only in the State in which he was last assigned to duty. Subchapter II of chapter 85, title 5, United States Code, recognizing that a member of the Armed Forces rotates from one assignment and geographical location to another during active service, provides that such members may qualify for unemployment compensation in any State in which he first files a claim after separation from active service. This bill would extend this authority to the commissioned officers of NOAA.

I would conclude my remarks by stating that the Department of Defense interposes no objection to the proposed legislation permitting permanent voluntary transfer of commissioned officers between the

military services of the Department of Defense, the National Oceanic Atmospheric Administration, and the Coast Guard, subject to deletion of the words "for retirement and pay purposes" contained in clause (3) of section 2, of the bill.

Thank you for the opportunity to present the views of the Department of Defense. I will be happy to answer your questions.

Mr. NICHOLS. Thank you, Captain.

I have one question here. The military services are having some problems in retaining some of our officer skills now. If we permit this lateral transfer, would this tend to make this problem more acute?

Captain LAW. That is possible, however, the number of inter-service transfers that we are realizing today is small. For example, in 1979 there were 11 who left the Navy and went to another service and we gained approximately the same number into our service.

Mr. NICHOLS. So you say it balances out?

Captain LAW. We believe that any exchange would probably balance itself out.

Mr. NICHOLS. I believe you recommended the words "for retirement and pay purposes" be deleted in this bill. What is your rationale for that?

Captain LAW. It is simply because this bill will change the way we do business currently in the Department of Defense, and we are not sure this is the proper vehicle to effect that change. The DOPMA legislation, as I am sure you know, would standardize the crediting of years of service across the services and would in effect change anything that was done in this area by this bill. So we have no real hard objection to it, but we wanted to point out that it would change the way things are done today.

Mr. NICHOLS. I have no further questions. Do any members of the committee have questions?

[No response.]

Mr. NICHOLS. Thank you, Captain. We appreciate your testimony.

Gentlemen of the committee, without objection I would like to report favorably to the full committee on S. 1454 with technical amendments. If there is no objection from the committee, I will do that at the first opportunity.

On the other matter, without objection and subject to the final vote of the full committee of the Senate I would like to ask the full committee for permission to accept the four amendments that General Tice talked to us about. This is a little unorthodox, as I am sure the committee will recognize, because it is not out of the full committee and it has not been passed by the Senate. But it is imperative, I think that we pass this bill before the Congress adjourns. I am simply trying to save the subcommittee a meeting.

So if the committee would grant me the permission to present this to the full committee if and when it comes up, I think it would expedite things. Is there any objection?

[No response.]

Without objection, then, I will do that at the proper time.

Without objection, the record will remain open for 2 weeks so that interested associations can submit statements.

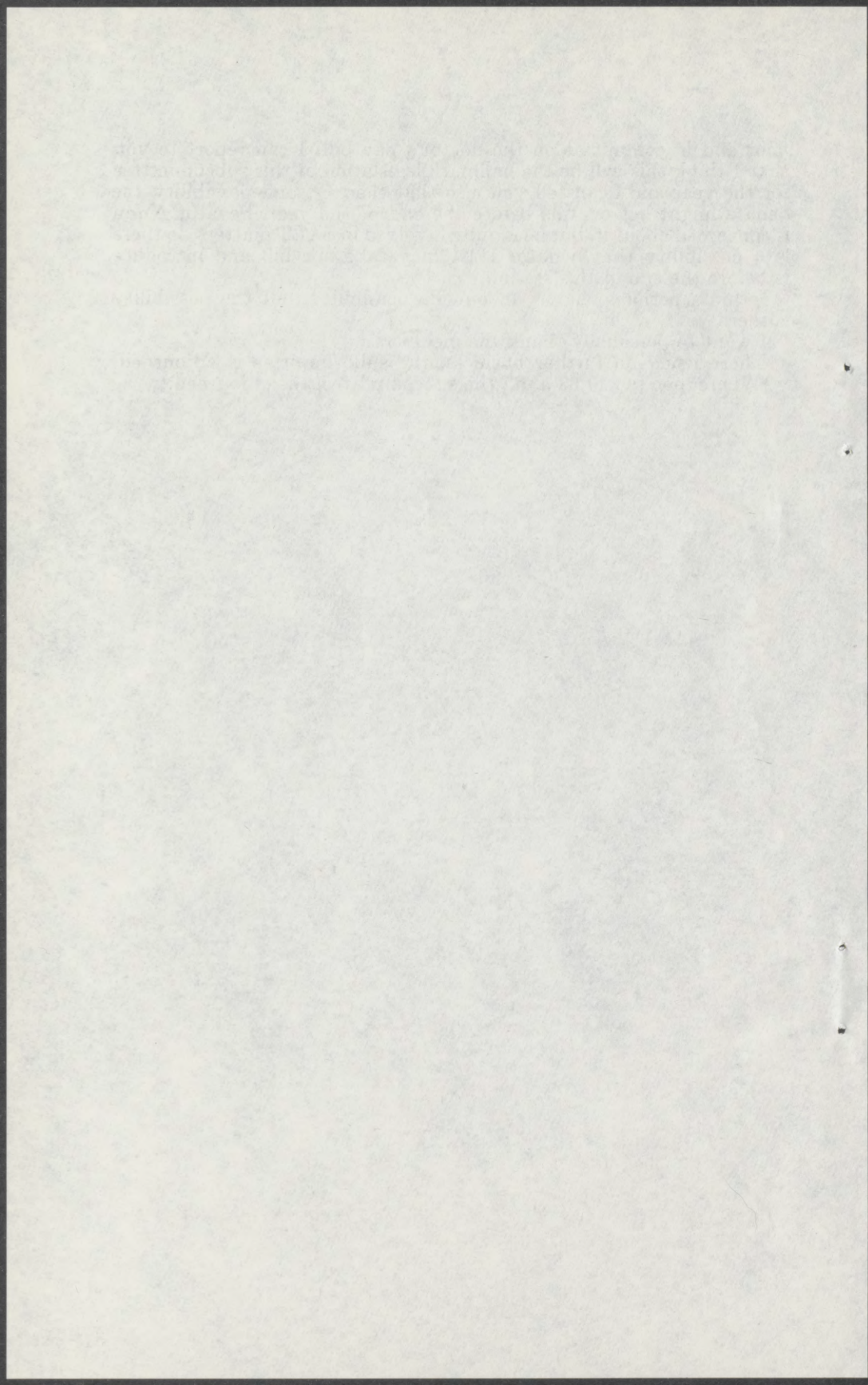
One final thing: I want to personally thank each of the members of this committee for the excellent support that you gave us on the

floor and in committee on the doctor's pay bill. I can report to you that I think this will be the hallmark legislation of this subcommittee for the year and I can tell you also that there is some possibility the Senate might act on this before the end of the year. Senator Nunn is concerned about it, but he is quite involved in SALT matters, so there is a possibility that Senator Hart may take our bill and introduce it before the end of this session.

I think, perhaps that is an outside possibility, but the possibility is there.

I want to personally thank the members.

There being no further business, the subcommittee is adjourned.
[Whereupon, at 10:08 a.m., the subcommittee was adjourned.]



FULL COMMITTEE CONSIDERATION OF S. 1454 AND H.R. 5168

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, D.C., Tuesday, December 4, 1979.

The committee met, pursuant to notice, at 10:08 a.m., in room 2118, Rayburn House Office Building, Hon. Melvin Price (chairman of the committee) and Hon. Charles E. Bennett (acting chairman of the committee) presiding.

The CHAIRMAN. The committee will be in order.

This morning the committee has five different items on its schedule so we'll try to move as expeditiously as possible.

The first one is a report from the Military Compensation Subcommittee on S. 1454.

Mr. Nichols.

Mr. NICHOLS. Thank you, Mr. Chairman.

Mr. Chairman, the Military Compensation Subcommittee has reported favorably S. 1454, a bill that would expand the current statutory authority for the voluntary transfer of commissioned officers among the Armed Forces so as to permit the voluntary transfer of commissioned officers between the Armed Forces and the National Oceanic and Atmospheric Administration, NOAA. In addition, the bill would authorize commissioned officers of NOAA when ordered to make a permanent change of station to receive the same advance payments as are currently authorized for officers of the Armed Forces. The bill would also authorize payment of unemployment compensation to former commissioned officers of NOAA under the same conditions as such compensation is payable to former members of the armed services.

The bill was reported from subcommittee with amendments. However, Mr. Chairman, the amendments are technical in nature. They do not change the substantive intent of the bill, but are needed in order to conform with the legislative style of titles 10 and 37, United States Code.

The Commissioned Officers Corps of the National Oceanic and Atmospheric Administration is one of the seven uniformed services. They have about 375 officers, and the members of that corps although not members of the armed services are subject to being transferred by the President to a military department during periods of national emergency and when so transferred are subject to the Uniform Code of Military Justice. Members of that corps are subject to change of assignments under conditions similar to those applicable to members of the Armed Forces. Their system of pay and allowances is the same as that prescribed for members of the Armed Forces.

Under current law, a commissioned officer of one of the Armed Forces—Army, Navy, Marine Corps, Air Force, or Coast Guard—

may, with his consent, and with the agreement of the armed force involved, be transferred to another armed force. S. 1454 would permit such transfers between the Commissioned Officers Corps of the National Oceanic and Atmospheric Administration and the several Armed Forces.

Mr. Chairman, the Department of Defense supports the legislation. There is no cost involved.

The bill has been jointly referred to the Committees on Armed Services; Merchant Marine and Fisheries, which has jurisdiction over the National Oceanic and Atmospheric Administration; and Ways and Means, which has jurisdiction over unemployment compensation. The other two committees have reported favorably on S. 1454.

Mr. Chairman, I would move that this bill be reported by the committee with the subcommittee amendment.

Mr. BENNETT. Mr. Mitchell has a statement that he wants to put in the record.

STATEMENT OF HON. DONALD D. MITCHELL, A REPRESENTATIVE FROM NEW YORK

Mr. MITCHELL. Mr. Chairman, I support the motion of the subcommittee chairman on S. 1454.

Although the bill applies entirely to commissioned officers of the National Oceanic and Atmospheric Administration, they receive pay under titles 10 and 37 of the United States Code, which is in this committee's jurisdiction. In many ways they are similar to military service members. Aside from receiving the same basic pay, allowances, and on-base privileges as the military, they receive medical care through military facilities, they are subject to rotating tours, they may be transferred to the Department of Defense during times of national emergency, and they are covered by the provisions of the Soldiers and Sailors Relief Act of 1940.

There is no reason why they should not be treated in a manner similar to our military service members.

Therefore, Mr. Chairman, I urge support for S. 1454.

Mr. BENNETT. Are there any questions or is there any discussion?

[No response.]

Mr. BENNETT. Without objection, this stands approved.

The next item is another motion by Mr. Nichols.

Mr. NICHOLS. Mr. Chairman, the House passed on September 25, H.R. 5168. This bill extends for 1 year various personnel authorities that expired on September 30, 1979. The Senate Armed Services Committee has reported H.R. 5168, but with four amendments.

I hasten to point out, Mr. Chairman, that this is a little unusual manner of doing business this morning because the Senate at this time has not acted on the full Senate Armed Services Committee's report. Since I understand this is probably the last meeting of the full committee, I bring this to the attention of the committee, hoping that you might give me authority to act without having to convene the full committee and to handle this matter on the floor of the House.

The four amendments relate, first, to the Navy chaplains who come under the cognizance of the Chief of Naval Personnel. Currently, the Chief of Chaplains in the Navy functions, by law, at an intermediate

organizational level under the direction of the Chief of Naval Personnel. This arrangement, which is unique to the Navy, is awkward because the scope of the functions and responsibilities of the chaplain largely fall outside the purview of the Chief of Naval Personnel.

In addition, the Chief of Chaplains is selected by the Chief of Naval Personnel through the use of a selection board. Under the proposed legislation offered by the Senate the Chief of Chaplains would be appointed by the President by and with the advice and consent of the Senate. The Chief of Chaplains will still report to the Chief of Naval Personnel for personnel matters.

The second amendment would authorize advance pay upon registration of an allotment for dependents within 60 days prior to deployment of a unit.

When a service member elects to establish an allotment for his dependents prior to a deployment, deductions must be made from his monthly pay to accumulate the allotted amount prior to its payment. This, in effect, causes a reduction in take-home pay during the month preceding the deployment, which is a time of very high expense.

Current law permits advance pay to service members under certain circumstances. However, there is no legal authority for advanced pay to cover an allotment made by a member for the member's dependents prior to the deployment of a ship or a unit, and this amendment is intended to correct that oversight.

The third amendment would permit Army and Air Force Reserve enlisted members to retire with an immediate annuity after completing 20 years of active duty.

Current law provides retirement eligibility with an immediate annuity after completion of 20 years of active duty for all categories of personnel—officer and enlisted, Reserve and Regular components—except Reserve enlisted members of the Army and Air Force. This distinction had no meaning in the past when all Army and Air Force enlisted personnel were part of the Regular component when they completed 20 years of active duty.

However, in recent years, a small number of individuals, who had served as enlisted members in the past and who had separated from the military, have elected to return to service. Recently some of these members had completed, in total, 20 or more years of active service and have applied for retirement only to be told that the law provides retirement eligibility with an immediate annuity only to Regular enlisted personnel in the Army and the Air Force.

The amendment would correct this oversight in current law and permit Reserve enlisted members on active duty in the Army and Air Force to retire on the same basis as their Regular counterparts in the Navy and Marine Corps.

The amendment would result in a first year cost of \$1.8 million, growing to \$6.6 million by the fifth year.

The Department of Defense supports this amendment, and the House passed a similar bill in the last Congress.

The final amendment, Mr. Chairman, would authorize Reserve officers of the Army and the Air Force serving on active duty in positions of importance and responsibility, designated by the President to carry the grade of general or lieutenant general, to retire in that grade. This provision would be retroactive to January 1968, the date of the Reserve Revitalization Act.

This amendment would insure consistent treatment in the retirement of Regular and Reserve officers who have satisfactorily served in the grades of lieutenant general or general. At this time, however, enactment of this legislation would affect only one officer, Lt. Gen. Vernon Anthony Walters. General Walters, currently a retired Reserve major general, served as a lieutenant general when he was appointed as Deputy Director of the CIA between the period April 1972, to June 1976. He was retired as a major general due to the constraints in current law.

The Department of Defense supports this amendment.

Presumably the promotion on the retired list would be retroactive and the first year cost would be approximately \$15,000 for back retired pay. The additional cost each year thereafter would be about \$4,000.

Mr. Chairman, I bring these matters to the attention of the committee at this time—even though the Senate has not yet completed action—in order to expedite action once the Senate has acted. I, therefore, move that be directed to accept these amendments should they remain in the Senate-passed bill.

The CHAIRMAN. Have you finished, Mr. Nichols?

Mr. NICHOLS. Yes, Mr. Chairman.

Mr. Nedzi, I believe, has a comment.

Mr. NEDZI. Mr. Chairman, I have an amendment to Mr. Nichols' motion, which is that the fourth part of his request not be agreed to. If you will recognize me to speak on that amendment I would like to make some comments.

The CHAIRMAN. Certainly.

Mr. NEDZI. Mr. Chairman, as I see this amendment, and as Mr. Nichols described it, while it's couched in general language, it applies to only one individual. It's not my nature to be vindictive, but this committee has had considerable experience with General Walters some 6 years ago during the course of the Watergate hearings. I have to say that, in my judgment, I think it would be a mistake to pass legislation of this sort, special legislation, pertaining to one individual, without the committee having any kind of hearings and going into some of the background.

I reread the hearings of the Special Subcommittee on Intelligence only last week after I heard that this kind of an amendment was going to be presented to the committee, and my judgment of the entire matter remains unchanged, and consequently I urge that this part of Mr. Nichols' report be stricken.

Mr. NICHOLS. Mr. Chairman.

The CHAIRMAN. Mr. Nichols.

Mr. NICHOLS. Might I respond?

I bring this to the attention of the committee. This is a Senate amendment, of course, that was added by the Senate. I have no particular feelings in the matter.

I would just say, Mr. Chairman, as chairman of the subcommittee, for my part, I have no objections to acceding to the wishes of Mr. Nedzi I suggest that we drop the fourth provision and support the first three.

Mr. MONTGOMERY. Would the gentleman yield?

Mr. NEDZI. Yes.

Mr. MONTGOMERY. I don't have any strong feelings either. But General Walters also testified before our Select Committee on Missing

Persons, representing the CIA, and he was very candid. He gave us excellent information, it's still holding up. We thought he did an excellent job and was one of the best witnesses we had. I just wanted to put in the record that the man answered our questions, and we thought he was most helpful in writing the report about the missing in action.

Mr. STRATTON. Mr. Chairman.

The CHAIRMAN. Mr. Stratton.

Mr. STRATTON. I apologize for coming in late, and I'm not sure exactly what the issue is.

But General Walters, in my judgment, is an outstanding officer. I subscribe fully to what Mr. Montgomery has said. He served as an interpreter for General Eisenhower and a number of other Presidents at high-level conferences. He's one of the most accomplished intelligence officers in the U.S. service, and I for one have found him, as Mr. Montgomery has indicated, one of the frankest, most candid, and most cooperative in connection with the Watergate investigation.

I didn't want the record to pass that this committee was turning him down. I think he's the kind of person that most of the members of this committee not only support but find too rare in our Government service.

Mr. BENNETT. Mr. Chairman.

The CHAIRMAN. Mr. Bennett.

Mr. BENNETT. I really don't want to talk on this particular matter because I'm not enough informed about it, but I did want to have an assurance from Mr. Nichols that the people who are going to retire under the third amendment and anybody else in this legislation are going to be required to have had at least 20 years of active duty. Isn't that correct?

Mr. NICHOLS. Yes, sir. Absolutely, Mr. Bennett.

Mr. BENNETT. I wanted that clarification. I didn't want to break down that requirement.

Mr. NICHOLS. No, sir.

Mr. BENNETT. It will still be 20 years of active duty for everybody?

Mr. NICHOLS. Yes, absolutely. I assure the gentleman that is correct.

Mr. BENNETT. Thank you.

The CHAIRMAN. Mr. Dickinson.

Mr. DICKINSON. I would just like to ask a question.

If we accede to the wishes of Mr. Nedzi and don't bring this amendment out, that will not prejudice it? It can be dealt with out of your committee next year, can it not?

Mr. NEDZI. I have no objection to that, Mr. Dickinson.

Mr. DICKINSON. In effect, what you're asking then, is that it just be put over and dealt with next year by the committee?

Mr. NEDZI. I'm asking that it not be included here. I don't care whether it's put over or not.

Mr. DICKINSON. All right.

The CHAIRMAN. The question is on the acceptance of the report from Mr. Nichols' subcommittee, subject to Mr. Nedzi's reservation.

Mr. BENNETT. No, Mr. Chairman. It's more than a reservation. He moved that the fourth section be stricken, and Mr. Nichols had acceded, and it's done without prejudice, the matter to be brought up next year.

The CHAIRMAN. Do you make that motion?

Mr. NEDZI. I have no objection to that, Mr. Chairman.

The CHAIRMAN. Is that the gentleman's motion?

Mr. NEDZI. Yes.

The CHAIRMAN. The question is on the motion of the gentleman from Michigan, Mr. Nedzi. Those in favor will vote "Aye."

[Chorus of "Ayes."]

The CHAIRMAN. Those opposed will vote "No."

[No response.]

The CHAIRMAN. The "Ayes" appear to have it. The "Ayes" have it. The motion is carried.

Mr. BEARD. Mr. Chairman.

The CHAIRMAN. Mr. Beard.

Mr. BEARD. If I may ask a question on another section, regarding the unemployment compensation?

Does this apply when they leave the service? What is the necessity for the unemployment compensation amendment?

Mr. NICHOLS. I yield to Mr. Emmerichs—we talked about this yesterday—and let me have him explain this to the committee.

Mr. EMMERICHS. It would apply, Mr. Beard, after a commissioned officer in the National Oceanic and Atmospheric Administration separated from that service. Today, he can only apply for unemployment benefits in the State in which he was serving at the time of that separation.

What this change would do—and this is really within the jurisdiction of the Ways and Means Committee—is allow that individual to apply for unemployment benefits in any State, just as military personnel can.

Mr. NICHOLS. Let me call to your attention, this is the same as now exists, Mr. Beard, with other officers in the Army, the Navy, the Air Force, and the Marine Corps.

Mr. BEARD. I was just curious. Of course, there are some States that have extremely liberal unemployment compensation laws; they are much more liberal, for example, in the State of California, I believe. Unless you're in prison you could almost be eligible for unemployment compensation. I was curious as to what the terms are. In other words, the unemployment would be funded by the Federal Government?

Mr. EMMERICHS. Yes; as it is for military personnel.

Mr. BEARD. Yes. In other words, if they were let go, for example, for the good of the service, the guidelines are there to protect us from paying unemployment compensation dollars, Federal dollars, to someone who was, let's say, booted out?

Mr. EMMERICHS. An individual who was dishonorably discharged, or, in the case of an officer, who resigned for the good of the service would not be eligible for unemployment compensation, just as is the case for the military today.

Mr. BEARD. Because in the enlisted ranks now it has been shown, and I have a bill to try to correct this situation, that 40 percent of the young kids are quitting the military before their first tour of duty. If they stay only 90 days in the military and then quit they're eligible for unemployment compensation, and in the past 4 years the Federal Government has funded almost \$300 million in unemploy-

ment compensation to kids who stay in only 90 days and then receive a general discharge, or just get out for various and sundry reasons, and I think this is a real abuse, and I just would hope that that would not be the case here.

Mr. BENNETT. Might I make an inquiry too?

I've had a good number of my constituents inquire about what the status of unemployment compensation is with regard to the military. Is it that a person can retire and go on unemployment compensation, or start drawing veterans compensation and also unemployment compensation?

Mr. EMMERICHS. Currently, Mr. Bennett, an individual who is drawing retired pay can also draw unemployment compensation. However, effective March 31 of next year there will be a dollar-to-dollar offset against the unemployment compensation for any Federal, State, or local government annuity.

Mr. BENNETT. A retired man who goes out and starts working as a pipefitter, or something like that, who does something else in civilian life, there's nothing in the law that prohibits him from getting unemployment compensation, even though he's retired, if he loses that other job for some reason after he's out of the military. Is that correct?

Mr. EMMERICHS. He would just have to meet the requirements of the individual State in which he is residing.

Mr. BENNETT. That was my understanding, but I wanted that clarification. Thank you.

Mr. WHITE. Mr. Chairman, may I ask a question too?

The CHAIRMAN. Mr. White.

Mr. WHITE. What's the rationale for payment of unemployment compensation to military retirees on their first retiring?

Mr. EMMERICHS. An individual currently would be eligible for unemployment benefits, if in fact, he were unemployed. However, I think the Committee on Ways and Means, when they recently changed the laws that apply to unemployment compensation to reduce that unemployment compensation for the amount of any governmental annuity received, feels that since they are already getting assistance from the Government in the form of retired pay they should not also be eligible for unemployment compensation.

Mr. WHITE. This is an act of volition. They can retire of their own free will, but they still are able to draw unemployment compensation then?

Mr. EMMERICHS. They may, or they may be required to retire.

Mr. WHITE. Do all annuitants in the country draw unemployment compensation, or have the opportunity to draw unemployment compensation, when they first retire?

Mr. EMMERICHS. I'm sorry, sir. I didn't understand.

Mr. WHITE. Do all annuitants in this country when they first retire from private business, as well, or Government, or State government, or any political subdivision, have the opportunity to draw unemployment compensation when they first retire?

Mr. EMMERICHS. To my knowledge, yes, sir, if they are unemployed and seeking work.

Mr. WHITE. I, frankly, don't see the rationale, if they're retired, why they would draw unemployment compensation at that point.

Mr. EMMERICHS. The provision in this bill is directed primarily toward those individuals who leave the National Oceanic and Atmospheric Administration, who are not retired, but who separate, and they would not, of course, be getting any retirement.

Mr. WHITE. I see.

Thank you very much, Mr. Chairman.

The CHAIRMAN. The question is on the Nichols' motion, as amended by the Nedzi amendment. Those in favor will vote "Aye."

[Chorus of "Ayes."]

The CHAIRMAN. Those opposed will vote "No."

[No response.]

The CHAIRMAN. The "Ayes" have it. The motion is agreed to.

SENATE AMENDMENT TO H.R. 5168

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
MILITARY COMPENSATION SUBCOMMITTEE,
Washington, D.C., Friday, February 22, 1980.

The subcommittee met, pursuant to call, at 10 a.m., in room 2216, Rayburn House Office Building, Hon. Bill Nichols (chairman of the subcommittee) presiding.

Mr. NICHOLS. The subcommittee will come to order.

With no objection on the part of any of the members here, I am going to permit television and radio coverage of the proceedings of today's hearing. Hearing no objection, that will be in order.

On September 25, 1979, the House passed H.R. 5168—a bill that would extend certain provisions that expired on September 30, related to officer personnel management.

For example, the bill would have extended the authority to exceed the permanent grade ceiling for lieutenant colonels and colonels in the Air Force and would have continued the authority permitting the waiver of a requirement for sea duty by naval officers as a prerequisite for promotion.

The Senate Armed Services Committee reported H.R. 5168 on November 20, 1979, with four amendments.

These amendments would (1) remove the Navy Chief of Chaplains from under the cognizance of the Chief of Naval Personnel; (2) authorize advance pay upon registration of an allotment for dependents within 60 days prior to deployment of a unit; (3) permit Army and Air Force Reserve enlisted personnel to retire with an immediate annuity after completing 20 years of active duty; and (4) authorize Reserve officers of the Army and the Air Force serving on active duty in the grades of general or lieutenant general to retire in that grade.

Our full committee has previously indicated a generally favorable disposition toward the first three of these amendments, but because the fourth amendment would be applicable to only one person, Lt. Gen. Vernon Walters, and because payments would be retroactive, the committee indicated that further consideration be given that provision.

On February 4, 1980, the Senate passed H.R. 5168, amended further on the floor with the so-called Nunn-Warner amendment. This amendment increases certain entitlements for military personnel, establishes new entitlements for others, and removes an inequity related to the pay scales of former enlisted personnel appointed as officers or of warrant officers appointed as commissioned officers.

Specifically, the Nunn-Warner amendment would affect existing entitlements by:

- (1) Increasing aviation career incentive pay/flight pay by 25 percent;
- (2) Accelerating the implementation of the full rates for sea pay and increasing those rates by 15 percent;

(3) Removing the current statutory limit of 10 cents per mile for reimbursement for mileage in conjunction with a permanent change of station move; and

(4) Increasing the basic allowance for subsistence by 10 percent:

New entitlements in the Nunn-Warner amendment would be created in the following areas:

(1) A variable housing allowance would provide the difference between 115 percent of the basic allowance for quarters and the average cost of housing in certain geographic areas within the continental United States that experience a high cost of living; and

(2) Authority to pay a selective reenlistment bonus, which currently extends only to enlisted members in critical skills with up to 10 years of service, would be authorized for such members with up to 14 years of service.

Finally, the Nunn-Warner amendment contains a provision that would insure that enlisted members appointed as warrant officers or as commissioned officers, or warrant officers appointed as commissioned officers receive pay and allowances in at least the amount to which they would be entitled if they had not been so appointed.

Also under this provision commissioned officers who were former warrant officers with more than 4 years of service would be entitled to use the same special schedule for basic pay used by former enlisted members with more than 4 years of service.

The effective date of the provisions of the Nunn-Warner amendment is January 1, 1980.

The Nunn-Warner amendment was a substitute amendment to the so-called Armstrong amendment offered on the Senate floor. The Armstrong amendment would have provided a 3.4-percent across-the-board pay raise for military personnel effective January 1, 1980.

Proponents of the Nunn-Warner amendment argued that an across-the-board pay raise would not be as effective as the provisions of the Nunn-Warner amendment in terms of solving the major personnel problem faced by the services today—namely, the problem of career retention. By funneling larger increases to individuals in certain categories, the impact should be greater, it was asserted. I generally believe this to be true and, therefore, find the Nunn-Warner amendment more acceptable to me personally than a small across-the-board pay increase.

The cost of the Nunn-Warner amendment is considerable. The Congressional Budget Office has estimated the cost to be \$539 million in fiscal year 1980, reaching almost \$1 billion in fiscal year 1984. The first-year costs cannot be accommodated within the current budget ceiling of the second concurrent resolution on the budget for fiscal year 1980. Unless the first-year costs can be reduced and/or the second budget resolution revised, I do not believe that the House would consider the bill.

I would suggest to the members of the subcommittee that one potential means of reducing the first-year costs is to make the provisions effective from the date of enactment or effective at some date in the future as opposed to effective retroactively to January 1, 1980.

It is unclear that retroactivity will enhance recruiting or retention of military personnel and, further, some of the provisions of the Nunn-Warner amendment—for example, the variable housing allow-

ance—could require a month or two following enactment for the implementation to be worked out. This alternative, it seems to me, may be more preferable than rejecting the provisions themselves if it becomes necessary to reduce first-year costs.

Finally, let me briefly touch on the parliamentary situation in which we have to operate. H.R. 5168 passed the House as a personnel management bill. The amendments made to this bill in the Senate are almost entirely compensation related—and, therefore, nongermane under the House rules. The normal next step, of course, would be to go to conference with the Senate.

However, because of the considerable substance of the Senate amendments, I believe it would be appropriate for the subcommittee and the full committee to develop a position with regard to these provisions for reference by the conferees. That is the purpose of the hearing today.

Given the parliamentary situation, we are constrained not only by budgetary considerations but also in terms of the “scope” of the agreement that can be reached in conference. For example, the Senate provision contains a 25-percent increase in aviation career incentive pay; the House “position” is current law. The conference agreement must be between current law and a 25-percent increase. A compromise providing for a 50-percent increase, for example, would be outside the scope of the conference.

Similarly, a 3.4-percent across-the-board pay increase is outside the scope of the conference because it is not a provision in either bill. We must keep this framework in mind when developing our position, on the amendments.

[H.R. 5168 is as follows.]

[H.R. 5168, 96th Congress, 1st Session]

AN ACT To extend certain expiring provisions of law relating to personnel management of the Armed Forces

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [That Public Law 93-397 (10 U.S.C. 8202 note), is amended by striking out “beginning with October 1, 1974, through September 30, 1979” and inserting in lieu thereof “through September 30, 1980”.

[Sec. 2. Sections 2(a), 2(b), 3, and 10(b) of Public Law 95-377 (92 Stat. 719) are amended by striking out “September 30, 1979” and inserting in lieu thereof “September 30, 1980”.

[Sec. 3. Sections 1201(3)(B)(iv), 1203(4)(A)(iii), 1203(4)(C)(iii), 5787c(b)(2), and 5787d(g) of title 10, United States Code, are amended by striking out “September 30, 1979” and inserting in lieu thereof “September 30, 1980”.]

EXTENSION OF CERTAIN EXPIRED PROVISIONS OF LAW RELATING TO PERSONNEL MANAGEMENT OF THE ARMED FORCES

Section 1. (a) Public Law 93-397 (10 U.S.C. 8202 note) is amended by striking out “beginning with October 1, 1974, through September 30, 1979” and inserting in lieu thereof “through September 30, 1980”.

(b) Subsections (a) and (b) of section 2 of Public Law 95-377 (92 Stat. 719) are amended by striking out “September 30, 1979” and inserting in lieu thereof “September 30, 1980”.

(c) (1) Section 1201(3) of title 10, United States Code, is amended—

(A) by striking out “or” at the end of subclause (B)(ii);

(B) by striking out the period at the end of subclause (B)(iii) and inserting in lieu thereof “, or”; and

(C) by adding at the end of subclause (B) a new item as follows:

"(iv) the disability was incurred in line of duty during the period beginning on September 15, 1978, and ending on September 30, 1980, except that the condition provided for in this item shall not be effective during such period unless the President determines that such condition should be effective during such period and issues an Executive order to that effect."

(2) Section 1203(4)(A) of such title is amended—

(A) by striking out "or" at the end of item (i);

(B) by striking out the semicolon at the end of item (ii) and inserting in lieu thereof "or (iii) incurred in line of duty during the period beginning on September 15, 1978, and ending on September 30, 1980, except that the condition provided for in this item shall not be effective during such period unless the President determines that such condition should be effective during such period and issues an Executive order to that effect;"

(3) Section 1203(4)(C) of such title is amended by striking out "the proximate result of performing active duty nor incurred in line of duty in time of war or national emergency" and inserting in lieu thereof "(i) the proximate result of performing active duty, (ii) incurred in line of duty in time of war or national emergency, nor (iii) incurred in line of duty during the period beginning on September 15, 1978, and ending on September 30, 1980, except that the condition provided for in this item shall not be effective during such period unless the President determines that such condition should be effective during such period and issues an Executive order to that effect'."

(d) Section 5703(a)(1) of title 10, United States Code, is amended to read as follows.

"(1) A board to recommend brigadier generals for promotion to the grade of major general, consisting of nine officers holding permanent appointments in the grade of major general or above, except that during the period beginning on September 15, 1978, and ending on September 30, 1980, such a board may consist of nine officers serving in the grade of major general or above."

(e) Sections 5787c(b)(2) and 5787d(g) of title 10, United States Code, are amended by striking out "September 30, 1979" and inserting in lieu thereof "September 30, 1980".

AMENDMENTS TO MAKE CERTAIN RETIREMENT PROVISIONS RELATING TO REGULAR ENLISTED MEMBERS OF THE ARMY AND AIR FORCE APPLICABLE TO RESERVE ENLISTED MEMBERS.

SEC. 2. (a)(1) Section 3914 of title 10, United States Code, relating to the retirement of regular enlisted members, is amended to read as follows:

"§ 3914. Twenty to thirty years: enlisted members

"Under regulations to be prescribed by the Secretary of the Army, an enlisted member of the Army who has at least 20, but less than 30, years of service computed under section 3925 of this title may, upon his request, be retired. A regular enlisted member then becomes a member of the Army Reserve. A member retired under this section shall perform such active duty as may be prescribed by law until his service computed under section 3925 of this title, plus his inactive service as a member of the Army Reserve, equals 30 years."

(2) Section 3925 of such title, relating to the computation of years of service of enlisted members of the Army in determining eligibility for voluntary retirement, is amended—

(A) by striking out "a regular" in subsection (a) and inserting in lieu thereof "an"; and

(B) by striking out "regular" in the catchline.

(3) The table of sections at the beginning of chapter 367 of such title is amended by striking out "regular" in the items relating to sections 3914 and 3925.

(b)(1) Section 3914 of such title is amended to read as follows:

"§ 3914. Twenty to thirty years: enlisted members

"Under regulations to be prescribed by the Secretary of the Air Force, an enlisted member of the Air Force who has at least 20, but less than 30, years of service computed under section 8925 of this title may, upon his request, be retired. A regular enlisted member then becomes a member of the Air Force Reserve. A member retired under this section shall perform such active duty as may be prescribed by law until his service computed under section 8925 of this title, plus his inactive service as a member of the Air Force Reserve, equals 30 years."

(2) Section 8925 of such title, relating to the computation of years of service of enlisted members of the Air Force in determining eligibility for voluntary retirement, is amended—

(A) by striking out "a regular" in subsection (a) and inserting in lieu thereof "an"; and

(B) by striking out "regular" in the catchline.

(3) The table of sections at the beginning of chapter 867 of such title is amended by striking out "regular" in the items relating to sections 8914 and 8925.

(c) The amendments made by this section shall apply with respect to retired pay payable for months beginning after the date of the enactment of this Act.

ESTABLISHMENT OF NAVY CHAPLAIN CORPS AS A STAFF CORPS OF THE NAVY

SEC. 3. (a) Chapter 513 of title 10, United States Code, relating to Bureaus of the Navy, is amended by striking out section 5142 and inserting in lieu thereof the following:

"§ 5142. Chaplain Corps and Chief of Chaplains

"(a) The Chaplain Corps is a staff corps of the Navy and shall be organized in accordance with regulations prescribed by the Secretary of the Navy.

"(b) There is in the executive part of the Department of the Navy the office of the Chief of Chaplains of the Navy. The Chief of Chaplains shall be appointed by the President, by and with the advice of the Senate, from officers of the Chaplain Corps in the grade of commander or above who are serving on active duty, who are not on the retired list, and who have served on active duty in the Chaplain Corps for at least eight years.

"(c) An officer appointed as the Chief of Chaplains shall be appointed for a term of four years. However, the President may terminate or extend the appointment at any time.

"(d) While serving as the Chief of Chaplains an officer is entitled to the rank and grade of rear admiral of the upper half unless entitled to a higher grade under another provision of law.

"(e)(1) The Chief of Chaplains shall perform such duties as may be prescribed by the Secretary of the Navy and by law.

"(2) The Chief of Chaplains shall, with respect to all duties pertaining to the procurement, distribution, and support of personnel of the Chaplain Corps, report to and be supported by the Chief of Naval Personnel.

"(f) The Chief of Chaplains of the Navy is entitled to the same rank and privileges of retirement as provided for chiefs of bureaus in section 5133 of this title.

"§ 5142a. Deputy Chief of Chaplains

"(a) The Secretary of the Navy may detail as the Deputy Chief of Chaplains an officer of the Chaplain Corps in the grade of commander or above who is on active duty, who is not on the retired list, and who has served on active duty in the Chaplain Corps for at least eight years.

"(b) While serving as the Deputy Chief of Chaplains, an officer is entitled to the rank and grade of rear admiral of the lower half unless entitled to a higher grade under another provision of law.

"(c) An officer detailed as the Deputy Chief of Chaplains who serves in such position for at least two and one-half years and is retired for any reason while serving in such position, or who is retired for any reason after having completed such period of service in such position, may, in the discretion of the President, be retired with the rank and grade of rear admiral of the lower half if at the time of his retirement he is serving in a lower grade, unless he is entitled to a higher grade under some other provision of law. If he is retired as a rear admiral, he is entitled to retired pay in the lower half of that grade, unless entitled to higher pay under another provision of law."

(b) The table of sections at the beginning of chapter 513 of such title is amended by striking out the item relating to section 5142 and inserting in lieu thereof the following:

"5142. Chaplain Corps and Chief of Chaplains.

"5142a. Deputy Chief of Chaplains."

(c) Section 202 of title 37, United States Code, is amended by adding at the end thereof the following new subsection:

"(m) Unless appointed to a higher grade under another provision of law, an officer of the Navy detailed and serving as Deputy Chief of Chaplains is entitled to the basic pay of a rear admiral of the lower half."

EXPANSION OF AUTHORITY TO MAKE ADVANCE PAYMENTS

SEC. 4. Subsection (a) of section 1006 of title 37, United States Code, relating to advance payments, is amended to read as follows:

"(a) Under regulations prescribed by the Secretary concerned, a member of an armed force may be paid in advance—

"(1) not more than three months' basic pay of such member upon such member's change of permanent station; or

"(2) the amount of an allotment made from such member's basic pay to a dependent if the allotment is made to the dependent no more than sixty days before the scheduled date of deployment of the unit or command to which the member is assigned."

AUTHORITY TO RETIRE IN A HIGHER GRADE RESERVE OFFICERS WHO HAVE SERVED
IN SPECIAL POSITIONS

SEC. 5. (a)(1) Section 3962(a) of title 10, United States Code, relating to retirement in a higher grade for service in special positions, is amended by striking out "Regular" and by striking out "held by him at any time on the active list" and inserting in lieu thereof "in which he served on active duty."

(2) Section 3962(b) of such title is amended by striking out "Regular".

(3) The catchline of section 3962 of such title is amended to read as follows:

"§3962. Higher grade for service in special positions".

(4) The table of sections at the beginning of chapter 369 of such title is amended by striking out the item relating to section 3962 and inserting in lieu thereof the following:

"3962. Higher grade for service in special positions."

(b) Section 8962(a) of title 10, United States Code, relating to retirement in a higher grade for service in special positions, is amended by striking out "Regular" and by striking out "held by him at any time on the active list" and inserting in lieu thereof "in which he served on active duty".

(2) The catchline of section 8962 of such title is amended to read as follows:

"§8962. Higher grade for service in special positions".

(4) The table of sections at the beginning of chapter 869 of such title is amended by striking out the item relating to section 8962 and inserting in lieu thereof the following:

"8962. Higher grade for service in special positions."

(c)(1) The President may, by and with the advice and consent of the Senate, appoint any commissioned officer of a reserve component of the Armed Forces who retired after December 31, 1967, to the retired grade in which such officer could have been retired had such officer retired on or after the date of enactment of this Act.

(2) Subject to the approval of the President, the Secretary of the military department concerned shall pay (in a lump sum) to any person appointed to a higher grade under authority of paragraph (1) an amount equal to the difference between (A) the amount such person was entitled to receive in retired pay for the period beginning on the date of his retirement and ending on the day before the date of the appointment of such person to a higher grade under such paragraph, and (B) the amount such person would have been entitled to receive in retired pay had he been retired in such higher grade. Any lump sum payment made under this paragraph shall be made from funds made available to the Secretary of the military department concerned for the payment of retired pay.

Amend the title so as to read: "An Act to extend certain expired provisions of law relating to personnel management of the Armed Forces, to make certain retirement provisions relating to regular enlisted members of the Army and Air Force applicable to reserve enlisted members, to establish the Chaplain Corps of the Navy as a staff corps of the Navy, and for other purposes."

Passed the House of Representatives September 25, 1979.

Attest:

EDMUND L. HENSHAW, Jr.,
Clerk.

Mr. NICHOLS. We have, today, several Members of Congress to offer their thoughts on the Nunn-Warner provisions, and they will be followed by the Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics and each of the service personnel chiefs.

In addition, I expect to have before this committee adjourns this morning a letter from Chairman Giaimo of the Committee on the Budget. Without objection, that letter will be inserted at this point in the record.

[The following information was received for the record:]

U.S. HOUSE OF REPRESENTATIVES,
 COMMITTEE ON THE BUDGET,
 Washington, D.C., February 21, 1980.

HON. MELVIN PRICE,
 Chairman, Committee on Armed Services, U.S. House of Representatives, Washington,
 D.C.

DEAR MEL: I will not be able to testify on Friday, February 22, 1980, before Chairman Nichols' Subcommittee on Military Compensation due to a previous commitment. However, I do want to inform you and your Committee on the current budget situation for Fiscal Year 1980.

As you know, H.R. 5168, a bill relating to personnel management of the Armed Forces, was amended in the Senate to increase allowances for certain military personnel. The amended bill, among other things, would increase housing, travel and subsistence allowances; increase sea and flight pay; and extend the length of time reenlistment bonuses would be available. The Senate amendment, if accepted by the House Conferees and the full House, would add \$539 million in Fiscal Year 1980.

The Second Budget Resolution for Fiscal Year 1980 provides for an outlay ceiling of \$547.6 billion. The actions taken by the Congress to date are estimated to require outlays of \$546.9 billion in Fiscal Year 1980. I want to emphasize that the \$689 million still available under the Fiscal Year 1980 ceiling is subject to change. The President's budget reestimated Fiscal Year 1980 outlays, increasing the estimate significantly. The House and Senate Budget Committees are now engaged in a formal review of those reestimates, taking into account the President's submission and the latest economic indicators. When this review is completed, the current level of outlays will be revised. We do not yet know the exact outcome of this review, but it is clear that the spending total will substantially exceed the ceiling in the Second Budget Resolution. Further, Congress has yet to act on many supplemental appropriation bills, such as disaster relief, PL 480 Food for Peace, Black Lung, Nuclear Power Safety and others. The Administration has requested early enactment of these supplementals. It is for these reasons that I want to inform you that passage of H.R. 5168 at this time could eliminate early consideration of other needed supplementals, many of which were assumed within the totals of the Second Budget Resolution.

The House Budget Committee is now considering a revision to the Second Budget Resolution ceilings for Fiscal Year 1980 to allow congressional consideration of vital supplementals. I hope this information is helpful to you as you consider H.R. 5168.

Sincerely yours,

ROBERT N. GLAIMO,
 Chairman.

Mr. NICHOLS. We begin our testimony this morning by first hearing from Hon. William Whitehurst, distinguished member of the House Committee on Armed Services, from Virginia. We are glad to have you before our subcommittee.

STATEMENT OF HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE FROM VIRGINIA

Mr. WHITEHURST. Thank you, Mr. Chairman. I listened with a great deal of interest to your own statement. Let me begin by quoting the words of a great American, George C. Marshall:

The soldier's heart, the soldier's spirit, the soldier's soul are everything. It is morale that wins the victory. Without it everything else—planning, preparation, production—count for naught.

This succinct statement by General Marshall captures the essence of this Nation's dependency on the people who wear its uniform, and with his words in mind, I come before this committee to give my testimony in support of the Nunn-Warner amendments to H.R. 5168, which provide additional compensation for the men and women in our Armed Forces.

As my colleagues on this committee are aware, military manpower issues have become quite serious in recent years, and we must give more attention to the needs of our personnel.

Recent information received from our military leaders revealed that the Air Force is over 2,000 pilots short and their NCO ranks are undermanned by more than 3,000. The Army has current shortfalls of over 45,000 noncommissioned officers and the Navy is over 20,000 short of the senior petty officers so critical to its readiness.

In a memo from the CNO to the Secretary of Defense in late 1979, the CNO reported that the decline in retention of second-term personnel was rapidly approaching crisis proportions. Second-term retention in the Navy was down from 59 percent in 1975 to 36 percent in September 1979. In effect the CNO said that we will have to tie up ships at the pier because we do not have the qualified personnel to man them, a situation we can ill afford given the recent developments around the world and the extra demands now placed on our naval forces.

Let's look at some of the problems facing our military personnel today. The U.S. Department of Labor compiled statistics which show the percentage of change in real earnings per hour between 1972 and 1978 for various cities. This study revealed that the military lost buying power in six coastal cities from 7 to 20 percentage points behind that of their civilian counterparts. The military lost buying power while skilled maintenance workers in the same cities actually gained buying power.

Housing costs for military personnel in the with dependents status, not living in military housing, exceed the basic allowance for quarters (BAO) in almost all areas where military personnel are assigned in the United States. The average military member in the United States is paying \$920 more per year than he received as quarters allowance.

Permanent reassignment cost military members about \$1 billion a year above what they are reimbursed. Military personnel performing PCS moves incur large out-of-pocket expenses, which are not reimbursable, for expenses incident to selling and purchasing a residence. Most large corporations as well as the Federal Government provide compensation to their civilian employees in this area.

The unemployment rate for military wives is twice that of their civilian counterparts, and the great majority of enlisted wives have lower mean earning than their civilian counterparts.

More than 100,000 military families qualify for food stamps. This is an intolerable situation and it is no wonder that we are losing our military personnel.

We all recognize that military personnel face problems that are not found in other careers. The demands of the job are in certain respects unique; families are required to move frequently; family separations are often lengthy, and the obvious dangers and the possibility of the ultimate sacrifice can not be ignored.

The readiness of our forces is more dependent on personnel structure than on equipment. The degrading of our military readiness today is directly attributable to the loss of skilled career personnel and we must act now to show our military personnel our clear determination to provide a short term solution to this problem as well as a commitment to work on a long term solution.

The Nunn-Warner amendments to H.R. 5168 are an important step toward demonstrating that commitment. As you have cited, one of the major provisions of the amendments is that for the first time we will provide a variable housing allowance for military members living in high cost-of-living areas of the continental United States.

The amendments also provide an increase in the rate of reimbursement for PCS mileage expenses. They address specific problems of retention in the Air Force and Navy by increasing flight pay for officers and enlisted personnel by 25 percent and by increasing and accelerating implementation of sea pay.

While there are a number of other provisions contained in the amendments which I am not going to discuss in detail, I am happy to note that the amendments also include provisions for the stabilization of pay and allowance of former enlisted members and warrant officers.

The language is similar to legislation I have personally introduced in the first session of this Congress and in the 95th Congress in an effort to eliminate inequities in the current system which have affected several of my constituents, and which the Navy has been most interested in correcting.

With the sophisticated equipment used in the Armed Forces today, experienced personnel are essential, and unless our manpower problems are turned around, no amount of spending for sophisticated military hardware will do us any good. Our inability to compensate our military personnel in realistic terms in relationship to the demands we place upon them is having the natural effect of driving them out of the service. We must take positive action now.

The Joint Chiefs of Staff support the Nunn-Warner amendments and while they are just a minimum start toward addressing the very serious manpower problems currently facing this Nation, and in reality we must do really much more, I strongly urge you to support the Nunn-Warner amendments.

I recommend that you accept them as they were forwarded to us by the Senate, without changes in the effective dates or reductions in the funds for the various programs. Passage of this legislation will send a positive signal to our military personnel and their leaders that we are prepared to take concrete measures to relieve some of their hardships and get to the heart of our manpower problem—midlevel retention.

Thank you for the opportunity to present this testimony to you.

Mr. NICHOLS. I thank you, Mr. Whitehurst, for your testimony. We know of your interest in the military. You represent a tremendous military district in Norfolk, and I appreciate the insight that you have.

Are there questions from members of the committee?

Mr. MITCHELL.

Mr. MITCHELL. I would just like to thank my friend for testifying before the committee and to compliment him on his excellent statement.

I have been aware of the general problem for some time, but I was not aware of the several specifics that you offered.

The statistics are frightening, and certainly if we don't have the enthusiasm and high degree of morale of our military, the generals' statement is accurate.

Mr. WHITEHURST. I float in a navy city down in my district and I hear these horror stories almost on a weekly basis either through people

coming into or calling my local office or people calling my office in Washington. It truly has reached crisis proportions.

Mr. MITCHELL. It seems a tragedy that those people that we ask to sacrifice so much for our country are being ignored so grievously, and I hope our committee today can help to make amends for those wrongs.

Thank you, Mr. Chairman.

Mr. NICHOLS. Any questions from members of the committee?

I just have one question.

I believe the most significant statement that I find in your presentation is that the average military member in the United States is paying \$920 more per year than he receives as quarters allowance.

Mr. WHITHURST. That is correct.

Mr. NICHOLS. Could you cite the source of your statement?

Mr. WHITEHURST. It was in the Laird study and the OSD pay adequacy study.

[The following information was received for the record:]

The information came from Office of the Secretary of Defense Report of the Pay Adequacy Study, October 1979. Approximately page 2 of Appendix E in that Study says "Thus, after adjustment the average CONUS military member not living in government quarters is paying about \$920 per year more for housing than is being received."

Mr. NICHOLS. We appreciate your testimony.

Our next witness is also a distinguished member of the committee, Hon. Paul Tribble from Virginia. We are glad to hear from you.

STATEMENT OF HON. PAUL S. TRIBBLE, JR., A REPRESENTATIVE FROM VIRGINIA

Mr. TRIBBLE. Thank you, Mr. Chairman, it is a real pleasure to be with you today.

Mr. Chairman, as you and I and my other colleagues on the House Armed Services well know, there are many problems confronting our Armed Forces.

In the face of Soviet aggression around the world, it is evident that we need to reverse 15 years of inadequate military investment and reequip our services to meet the new challenges of the 1980's and 1990's.

We need to rebuild our Navy, modernize our ground forces, upgrade our tactical aircraft, and improve our strategic capabilities.

In summary, we must make a sustained and substantial long-term commitment toward strengthening our Nation's defense posture through a carefully planned program of military procurement.

However, the most significant and lasting problems we face may well lie in the area of military personnel. Here I specifically refer to the retention of highly trained, middle grade personnel who are the mainstay of our modern forces.

In the past few years, the military has lost increasingly greater numbers of skilled technicians, pilots, engineers, and medical personnel who are vital to its effective operation.

Fully trained personnel often in their second or third terms of service, are leaving in substantial numbers and their departure has deprived the Armed Forces of important combat capabilities and has jeopardized the overall state of our readiness.

Recently I met with Admiral Hayward in New York, and he told me many of our ships are tied up in New York because of shortages of personnel.

Many personnel are now leaving not because they dislike military service—but because they cannot afford to stay.

While it can surely be said of military service that “no one is in it for the money,” there is no doubt that a military compensation system must provide its members with a decent standard of living.

Additionally, a military compensation system should also recognize the special demands that are an inevitable part of military service—the long hours of required overtime, frequent transfers to different parts of the world, periods of separation from family, and ultimately, the possible loss of life.

Our present military compensation system fails to adequately meet the needs of our personnel and fails to recognize the special nature of military service.

I want to cite just one flagrant example.

One need only look to an E-4 plane handler on board the *Nimitz* carrier, currently deployed in the Indian Ocean, to see why we have serious retention problems. This individual normally works 16 hours a day or about 100 hours a week with no overtime. In the course of his duties, he handles F-14 aircraft which cost \$25 million per plane and he helps to operate a ship which costs about \$2 billion.

Yet, this individual makes less per hour than a cashier at McDonald's, lives below the poverty level, is eligible for food stamps and probably has been separated from his family for 6 months.

Similarly, allowances for travel expenses, housing and subsistence have not kept up with the rate of inflation and increased costs have been borne directly by the military member.

The end product is a declining “quality of life” for the military family and an increase in incentives for a military member to leave the services. Particularly with regard to highly trained personnel, civilian sector employment offers a seductive mix of higher wages and less burdensome workplace demands.

Under current economic conditions, many medical personnel can literally double their income if they leave the military and the same is true for proficient computer programmers. Military engineers can obtain greater pay and benefits in private employment and many military pilots can earn substantially more flying a 707 commuter to Detroit instead of a F-15 fighter over Europe.

Thus, when faced with such a disparity in career choices, many military personnel legitimately ask, “Why should I stay?” We must have an answer for them. The present situation is simply intolerable. We cannot expect highly skilled, midlevel career people to stay in the services if we do not recognize their sacrifices and grant them enough to obtain a stable and decent standard of living.

Therefore, I want to endorse enthusiastically the elements of the Nunn-Warner amendment to H.R. 5168. The Nunn-Warner amendment provides a package of selective compensation increases.

I also support the proposal of my good friend, Senator Bill Armstrong, to provide an across-the-board 3.4-percent raise in military compensation.

Taken together, the Nunn-Warner and Armstrong amendments will not fully resolve the compensation problem. However, I believe

they will constitute a necessary first step on the road to reform. They will demonstrate that Congress is committed to giving all military personnel a "fair shake," and that this country recognizes the sacrifices and valuable contributions of our military community.

I view the Nunn-Warner and Armstrong amendments as complimentary measures. By channeling increases in allowances and bonuses, the Nunn-Warner amendment will ease the strain of declining benefits and create more incentives to reenlistment. By increasing each military member's "cash in hand," the Armstrong amendment will send a message to all military personnel that the Congress does not expect them to take "real" pay cuts year after year.

Therefore, I would urge the committee to adopt fully the Nunn-Warner amendment and consider seriously the adoption of the Armstrong amendment this session.

Mr. NICHOLS. Thank you, Mr. Trible. We appreciate your testimony.

Mr. TRIBLE. Mr. Chairman, I would ask that you make my complete statement a part of the record because, as you know, I abbreviated it for the sake of my fellow colleagues.

WRITTEN STATEMENT OF HON. PAUL TRIBLE

Mr. Chairman: Today there are many problems confronting our Armed Forces. In the face of Soviet aggression around the world, it is evident that we need to reverse 15 years of inadequate military investment and re-equip our services to meet the new challenges of the 1980's and 1990's.

We need to rebuild our Navy, modernize our ground forces, upgrade our tactical aircraft and improve our strategic capabilities. In summary, we must make a sustained and substantial long-term commitment toward strengthening our nation's defense posture through a carefully-planned program of military procurement.

However, the most significant and lasting problems we face may lie in the area of military personnel. Here I specifically refer to the retention of highly-trained, middle-grade personnel who are the mainstay of our modern services.

In the past few years, the military has lost increasingly greater numbers of skilled technicians, pilots, engineers and medical personnel who are vital to its effective operation. Fully trained personnel, often in their second or third term of service, are leaving in substantial numbers and their departure has deprived the armed forces of important combat capabilities and has jeopardized the overall state of our readiness.

In the Navy, for example, Admiral Hayward, Chief of Naval Operations, recently warned that shortages of skilled enlisted personnel threaten to become the "controlling factor" in the number of ships available for sea duty. Presently, 38 percent of the ships stationed in the European theater are in the lowest two categories of readiness due primarily to a lack of experienced sailors.

In the Army, fewer than 22 percent of new recruits reenlist for a second term and the service is now short 45,000 NCO's (personnel considered to be the "backbone" of combat capability and who are critically important for effective recruit training).

The Air Force, traditionally the most stable service, now has unfilled slots for 2,500 pilots, 1,000 engineers, and 500 navigators.

In all, second-term retention rates have dropped in three of the four services. In the Air Force, only 59 percent of second-term personnel now reenlist as opposed to a previous rate of 75 percent. In the Navy, second-term retention has dropped from 64 to 49 percent, and in the Marine Corps it is down to 45 percent from 47 percent.

Although a variety of factors no doubt contribute to this loss of trained personnel, I believe our military compensation system is the most important reason for current manpower shortages. Presently, our compensation system does not provide adequate incentives to keep people in the military.

Similarly, if the same individual were a chief petty officer on board the *Nimitz* with 17 years of service, he would still only make the same salary as a janitor on union scale although he works twice as many hours.

To offer yet another shocking example, it is a fact that the average foreign employee in an overseas U.S. embassy makes about 40 percent more than the marines who risk their lives to guard those embassies. Of the 13 marines taken hostage in Iran, four earn \$7,500 a year, eight receive \$8,200 and just one makes over \$12,000. Thus, if you computed their hourly earnings for a typical 60-hour week, they would all make less than the \$3.10 minimum wage.

Compared to the Consumer Price Index, regular military compensation has declined over 14 percent since 1972. At present, at least 100,000 military families may be eligible for food stamps and the "typical" enlisted family is now living 17 percent below the Bureau of Labor Statistic's minimum standard of living.

Moreover, many traditional benefits of military service have also undergone a serious erosion in the last decade. For example, supposedly "free" medical care is now subject to declining availability and accelerating cost to the military family. Many military families now take out commercial insurance in order to fill the gap between their military health care benefit and marketplace realities.

Similarly, allowances for travel expenses, housing and subsistence have not kept up with the rate of inflation and increased costs have been borne directly by the military member.

The end product is a declining "quality of life" for the military family and an increase in incentives for a military member to leave the services. Particularly with regard to highly-trained personnel, civilian sector employment offers a seductive mix of higher wages and less burdensome workplace demands.

Under current economic conditions, many medical personnel can literally double their income if they leave the military and the same is true for proficient computer programmers. Military engineers can obtain greater pay and benefits in private employment and many military pilots can earn substantially more flying a 707 commuter to Detroit instead of a F-15 fighter over Europe.

Thus, when faced with such a disparity in career choices, many military personnel legitimately ask "why should I stay?" We must have an answer for them. The present situation is simply intolerable. We cannot expect highly-skilled, mid-level career people to stay in the services if we do not recognize their sacrifices and grant them enough to obtain a stable and decent standard of living.

Therefore, I want to endorse the elements of the Nunn-Warner Amendment to H.R. 5168. The Nunn-Warner amendment provides a package of selective compensation increases. The amendment would significantly raise flight and sea pay as well as extend reenlistment bonuses and augment travel and subsistence allowances. Additionally, the amendment modifies the current housing allowance to take account of variations in housing costs around the country, a very noteworthy step towards a more equitable military compensation system.

I also support the proposal of my good friend, Senator Bill Armstrong, to provide an across-the-board 3.4 percent raise in military compensation.

Taken together, the Nunn-Warner and Armstrong amendments will not fully resolve the compensation problem. However, I believe they will constitute a necessary first step on the road to reform. They will demonstrate that Congress is committed to giving all military personnel a "Fair Shake" and that the country recognizes the sacrifices and valuable contributions of our military community.

I view the Nunn-Warner and Armstrong amendments as complimentary measures. By channeling increases in allowances and bonuses, the Nunn-Warner amendment will ease the strain of declining benefits and create more incentives to reenlistment. By increasing each military member's "cash in hand," the Armstrong amendment will send a message to all military personnel that the Congress does not expect them to take "real" pay cuts year after year.

Many personnel are now leaving not because they dislike military service—but because they cannot afford to stay.

While it can surely be said of military service that "no-one is in it for the money," there is no doubt that a military compensation system must provide its members with a decent standard of living. Additionally, a military compensation system should also recognize the special demands which are an inevitable part of military service—the long hours of required overtime, frequent transfers to different parts of the world, periods of separation from family, and ultimately, the possible loss of life. Our present military compensation system fails to adequately meet the needs of our personnel and fails to recognize the special nature of military service. A few individual examples vividly demonstrate this:

One need only look to an E-4 plane handler on board the *Nimitz* carrier, currently deployed in the Indian Ocean, to see why we have serious retention problems. This individual normally works 16 hours a day or about 100 hours a week with no overtime. In the course of his duties, he handles F-14 aircraft

which cost \$25 million per plane and he helps to operate a ship which costs about \$2 billion. Yet, this individual makes less per hour than a cashier at McDonald's, lives below the poverty level, is eligible for food stamps and probably has been separated from his family for six months.

Therefore, I would urge the committee to adopt the Nunn-Warner amendment and consider seriously the adoption of the Armstrong amendment this session.

Mr. NICHOLS. I thought you left out one of the most important parts.

Mr. TRIBLE. Let's read that into the record.

Mr. NICHOLS. "To offer yet another shocking example, it is a fact that the average foreign employee in an overseas U.S. Embassy makes about 40 percent more than the Marines who risk their lives to guard those embassies. Of the 13 Marines taken hostage in Iran, 4 earn \$7,500 a year, 8 receive \$8,200 and just 1 makes over \$12,000.

Mr. TRIBLE. If you computed their hourly earnings for a typical 60-hour workweek they would all have made less than the minimum wage, \$3.10 an hour.

Mr. MITCHELL. I thank the gentleman for his testimony. The examples of inequities cited certainly are shocking, as you stated in your testimony. I agree completely there are a variety of factors that contribute to the problem we have with attracting and retaining people but compensation is certainly a fine way to begin.

I think another very important factor has been the lack of appreciation of this Congress for the contribution people in the armed services have been making. We hope none of the hostages are injured, but it has certainly brought the problem to the attention of this country.

With the Soviets having invaded Afghanistan, it is going to shake our Congress up a little, help us to address this problem, and pay the people in the military what they deserve.

Mr. TRIBLE. In brief response to your comments, I might say the appearance of instability in the area of military compensation is every bit as damaging, in my view, as the actual erosion in benefits. Every time one of our colleagues takes the floor and attacks the military pay and benefits system, that causes a reverberation throughout the world.

So I think we need to take action today in order to strengthen the system to adequately compensate the military community for the sacrifices they make. We as leaders in the area of national defense must do our part to insure stability that can be counted on in the days ahead.

Mr. MITCHELL. Your point is well taken. Unfortunately, every Congress is effectively a new ball game. We can't guarantee what is going to happen 20 years from now, but we certainly can guarantee how we feel about that.

Mr. NICHOLS. Mr. Mollohan.

Mr. MOLLOHAN. You are advocating both endorsement of the Nunn-Warner amendment as well as a 3.4-percent increase generally. The chairman, in his opening statement, said that the costs of the Nunn-Warner amendment are estimated to be \$539 million for fiscal year 1980.

Mr. TRIBLE. The total package would be about \$1.1 billion in the next fiscal year.

Mr. MOLLOHAN. Are you saying that the total costs of the 3.4-percent increase then would be about \$600 million?

Mr. TRIBLE. I think about \$630 million to implement the across-the-board increase for fiscal year 1980.

Mr. MOLLOHAN. \$1.1 billion if we embrace both the Nunn-Warner amendment and the 3.4-percent pay raise.

Mr. TRIBLE. That is my understanding.

Mr. MOLLOHAN. Thank you.

Mr. NICHOLS. Mr. Dougherty.

Mr. DOUGHERTY. Nothing.

Mr. NICHOLS. Thank you.

Our next witness is the Hon. Norman Dicks, distinguished Member of the Congress from the State of Washington and member of the Defense Appropriations Subcommittee of the House Committee on Appropriations. We are glad to have you. You may proceed with your statement.

**STATEMENT OF HON. NORMAN D. DICKS, A REPRESENTATIVE
FROM WASHINGTON**

Mr. DICKS. Mr. Chairman, I would like to submit for the record a letter that Congressman Jack Kemp and I, who are both on the Defense Appropriations Committee, have circulated in the House. In just 2 days we were able to get 51 signatures in support of the Nunn-Warner amendment. I am working to get more.

I think it is important, because of the difficult task your subcommittee has, to give you as much support in this effort as possible.

Mr. NICHOLS. Without objection, it will be amde a part of the record.

[The following information was received for the record:]

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., February 22, 1980.

HON. BILL NICHOLS,
*Chairman, Subcommittee on Military Compensation,
Committee on Armed Services, Washington, D.C.*

DEAR MR. CHAIRMAN: It is our understanding that the Subcommittee will soon be considering the Nunn-Warner amendment added by the Senate to H.R. 5168. We wish to advise you of our strong support for this amendment, and we urge the Subcommittee to give it favorable consideration.

The difficulties faced by the military services in retaining adequate numbers and quality of personnel are well known.

Career re-enlistment rates have declined over 14 percent since 1973. Retention problems are especially critical in the middle non-commissioned officer and officer grades, those highly trained individuals who have the skills and experience necessary to operate the complex weapon systems of our technologically centered Armed Forces. The Army is short 46,000 NCO's, the Air Force 3,000, and the Navy is short 17,000 petty officers.

These problems do not have a single cause. But there is one aspect which virtually every study and our conversations with military personnel points to as having the greatest impact. That is the steady and continuing decline in compensation levels for the military.

In the early part of the 1970's the Congress provided substantial increases in compensation and committed itself to providing comparability with similar skills in the private sector. This was done at a time when the draft remained in effect. It was done in the recognition that the United States was willing to provide these individuals and their families with a quality of life commensurate with the sacrifices we demand of them. The reward of this action was a sharp increase in retention rates.

But the Congress has not lived up to the commitment it made in 1971. Real compensation has declined between 7 and 14 percent over the last seven years

through the imposition of pay caps and reallocation of pay increases. The situation has become so serious that an E-4 plane handler on the aircraft carrier Nimitz is asked to work sixteen hours a day on extended tour to the Indian Ocean for less money per hour than a cashier at McDonald's. Literally hundreds of thousands of military families may be eligible for public welfare assistance.

More important than the immediate fiscal impact of the present situation is the decline in morale that has accompanied it. The military member too often feels that he is the scapegoat for budget cuts or diversion of funds to weapons systems. To them, the future does not look bright. Based on present evidence the expectation is that his or her lot will get worse, not better.

The Nunn-Warner amendment gives us a unique opportunity to send a signal that the Congress retains its commitment to a decent living standard for the military and to providing an environment conducive to making the military career attractive. This is a signal which is critically needed, whether or not we return to the draft.

This amendment addresses some of the most pressing areas of need in the compensation area. It provides for acceleration of sea pay to 1982 rates and increases them by 15 percent. This is especially important given the particular retention difficulties faced by the Navy and the extended sea tours many sailors are being assigned as a result of the need to provide a stronger presence in the Indian Ocean.

Flight pay is increased by 25 percent. The continuing loss of qualified pilots to the private sector is all too well known. This increase can help rectify the imbalance presented to those facing the choice of whether to remain in the service or not.

Extension of re-enlistment bonuses to those with 10-15 years of service will provide an additional incentive for those in this pivotal period. It is at this point that the commitment to remain until retirement qualification is most often made. In recent years that has not been a sufficient incentive to make the career commitment. The re-enlistment bonus will be valuable in reversing this trend.

Finally, adjustments in the permanent change of station rates, increases in subsistence payments and establishment of a variable housing allowance will aid those of all ranks who face special additional costs. Presently, each year military people who are transferred must spend over \$1 billion out of their own pockets to accomplish the move. Similarly, it costs the 650,000 active duty personnel who must live in off-base housing over \$1 billion above their current housing allowance. This package of amendments will attack critical compensation issues without expanding retirement benefits and adding significant out-year costs.

Implementation of the Nunn-Warner amendment will certainly not solve all the problems we face in military manpower. It is our belief that more targeted actions must be taken in the compensation area, as well as provision for more adequate training and exercises. But we are convinced that its adoption will be invaluable in reinforcing the concern the Congress has for giving our military fair treatment. It will show that the future is not all bleak, that there are reasons to make the military a career. Failure will, we fear, send the exact opposite sign and can only serve to complicate the already serious perception problem among servicepeople.

We appreciate this opportunity to share our concerns with you. We are confident the Subcommittee will weigh these arguments fully in determining its position on this important amendment.

Sincerely,

Norman D. Dicks; Jack F. Kemp; John LaFalce; Cec Heftel; Martin Sabo; Bill Green; George Hansen; Jim Weaver; Henry Reuss; Joel Pritchard; Bob Duncan; Bill Chappell; Tom Bevill; Charles Wilson (Texas); Mike Lowry; Albert Gore; William Ford; Ray Kogovsek; Ed Jenkins; Bob Stump; Henry Hyde; Tony Coelho; Bo Ginn; Gunn McKay; Silvio Conte; Clair Burgener; Tom Downey; Martin Sabo; Floyd Spence; Chris Dodd; Robert Dornan; Bill Royer; Bob Lagomarsino; Phil Gramm; Abraham Kazen; Bill Whitehurst; Marc Marks; Dan Glickman; Thomas Foley; Al Swift; ———; Joe Wyatt; Augustus Hawkins; Vic Fazio; Martin Leath; George O'Brien; Kent Hance; Bob Bauman; Dan Rostenkowski; Steve Symms; John Anderson; Billy L. Evans; Robert Davis; Robert Whittaker; Trent Lott; G. V. Sonny Montgomery.

Mr. Dicks. I want to thank you for this opportunity to testify before the Military Compensation Subcommittee, to advise you of

my support for the Nunn-Warner amendment to H.R. 5168, and to urge the subcommittee's favorable consideration.

The difficulties faced by the military services in recruiting and retaining adequate numbers and quality of personnel are well known. None of the services met its reduced recruitment goals. The shortfall amounted to 25,000. Last year, the percentage of high school graduates joining the military declined by 10 percent. These figures represent serious problems and the trends threaten to make the situation worse.

While the recruitment difficulties of the services have received the most publicity, even more serious is the declining performance in retention of key personnel. Career reenlistment rates have declined over 14 percent since 1973, to 68.2 percent. The Navy and Marine Corps fared especially poorly in 1979 producing career reenlistment rates of 62 percent and 52 percent respectively.

Retention problems are especially critical in the middle noncommissioned officer and officer grades, those highly trained individuals who have the skills and experience necessary to operate the complex weapons systems of our technologically centered Armed Forces.

The Army is presently short 46,000 noncommissioned officers, the Air Force 3,000, and the Navy is short 17,000 petty officers.

Shortfalls in officer specialists are also becoming serious. The retention of pilots continues to decline to the point where if present trends continue, the Air Force will be short 2,100 pilots by the end of this fiscal year.

At current retention rates, we are losing 75 percent of our pilots by their 11th year. Navigators, engineers, and physicians also present significant problems.

These declines in retention are having a significant effect on the ability of our Armed Forces to perform their missions. The shortages of noncommissioned officers seriously erodes the training base of the services.

Chief of Naval Operations Thomas Hayward has testified that the adverse trends in retention of key supervisory talent are fast becoming the critical constraint on the size, capability and readiness of the Navy.

To make matters worse, poor retention feeds on itself. Lack of sufficient supervisors throws added burdens on those who remain. Overworked, undersupervised crews represent poor retention prospects; so the process develops a momentum of its own. Many military leaders are convinced that some fundamental change will be needed to break this cycle.

These problems do not have a single cause. Reductions in training and exercises have had an effect. Societal views toward military service during the last decade contributed to the problem.

But there is one aspect which virtually every study, and my conversations with military personnel, points to as having the greatest impact. That is the steady and continuing decline in compensation levels for the military.

Between 1969 and 1971, the Congress enacted pay increases for the military of over 35 percent. This changed a situation where 50,000 military families had qualified for welfare and reduced that number to practically zero. These increases were accompanied by a congressional commitment to provide military compensation comparable to that provided for similar skills in the private sector.

This was done at a time when the draft remained in effect. It was done in recognition that the United States was willing to provide these individuals and their families with a quality of life commensurate with the sacrifices we demand of them. The reward of this action was a sharp increase in retention rates.

But the Congress has not lived up to the commitment it made in 1971. Real compensation has declined between 11.5 percent and 22.3 percent over the last 7 years through imposition of pay caps and reallocation of pay increases. The average decline exceeds 14 percent. The average compensation for an enlisted person, including pay and allowances, is \$9,900. This is 17 percent below the level needed for a minimum standard of living according to the Bureau of Labor Statistics.

Base pay for a new recruit is only 83 percent of the minimum wage. And yet we ask our military to work additional hours beyond the standard private sector workweek, for no additional pay. We ask them to move frequently to new assignments. We often ask them to stay away from their families for extended periods.

The situation has become so serious that an E-4 plane handler aboard the aircraft carrier *Nimitz* is asked to work 16 hours a day on an extended tour in the Indian Ocean for less money per hour than a cashier at McDonald's.

Literally hundreds of thousands of military families may be eligible for public welfare assistance. Yet many have too much pride to take advantage of this situation. Nearly 90 percent of enlisted personnel either moonlight or have working spouses. A majority of officers are in a similar situation.

More important than the immediate fiscal impact of the present situation is the decline in morale which has accompanied it. The military member too often feels that he is the scapegoat for budget cuts or diversion of funds to weapons systems. To them the future does not look bright.

Based on present evidence, the expectation is that his or her lot will get worse, not better. It is little wonder then that many are getting out while the getting is good.

The Nunn-Warner amendment provides us a unique opportunity to send a signal that the Congress retains its commitment to a decent living standard for the military. This is a signal which is critically needed, whether we return to the draft or not.

This amendment addresses some of the most pressing areas of need in the compensation area. It is targeted toward our most pressing retention problems. It provides for acceleration of sea pay to 1982 rates and increases them by 15 percent. This is especially important given the particular retention difficulties faced by the Navy and the extended sea tours many sailors are being assigned as a result of the need to provide a stronger presence in the Indian Ocean. The CNO views sea pay as the most beneficial targeted compensation increase for the Navy.

Flight pay is increased by 25 percent. The continuing loss of qualified pilots to the private sector is all too well known. This increase can help rectify the imbalance presented to those facing the choice of whether to remain in the service or not.

Extension of reenlistment bonuses to those with 10 to 15 years of service will provide an additional incentive for those in this pivotal

period. It is at this point that the commitment to remain until retirement qualification is most often made. In recent years, that has not been a sufficient incentive to make the career commitment. The reenlistment bonus will be valuable in reversing this trend.

Adjustments in the permanent change of station rates will aid those of all ranks who face these special added costs. Each year military people who are transferred must spend over \$1 billion out of their own pockets to accomplish this move. The average cost to an E-7 with three dependents to move himself and his family 1,500 miles is approximately \$3,835.

Presently, he is reimbursed only \$644 by the Government and thus must come up with over \$3,000 to defray the cost of a move which is undertaken for the good of the service. This amounts to over 20 percent of his annual compensation.

The Nunn-Warner amendment would raise the per mile reimbursement rate from 10 cents to 18.5 cents. This will not go all the way in covering out-of-pocket costs from permanent changes of station, but it will go a long way in reducing this particularly burdensome military expense.

Similarly, it costs the 650,000 active duty personnel who live in off-base housing over \$1 billion above their housing allowance. An E-7 in the San Diego area must spend \$2,000 above his allowance for a three-bedroom home. This represents 32 percent of his salary. All too often he becomes what is known as a geographic bachelor. He cannot afford to bring his family to assignments in areas with high costs of living.

The variable housing allowance established by the Nunn-Warner amendment will pay the full difference between the average of local residential costs and 115 percent of the basic allowance for quarters. This will eliminate most cases of substantial out-of-pocket housing costs for military members.

Implementation of the Nunn-Warner amendment will certainly not solve all the problems we face in military manpower. It is my belief that additional actions must be taken to meet the needs of junior enlisted personnel if recruitment is to be improved. The unique needs of specialties facing shortfalls needs attention. Consideration of reestablishing traditional benefits, particularly in education, is needed.

We must eliminate the ritual of annual pay reductions brought about by pay caps far below inflation rates. Provisions for more adequate training and exercises are needed.

But, I am convinced that the enactment of the provisions of Nunn-Warner will be invaluable in reinforcing the concern the Congress has for giving our military fair treatment. It will show them that the future is not bleak, that there are still good reasons to make the military a career. Failure will, I fear, send the exact opposite sign and can only serve to complicate the already serious perception problem among service people.

I appreciate this opportunity to share my concerns with you. I am confident the subcommittee will weigh these arguments fully in determining its position on this important amendment.

I would just like to say, Mr. Chairman, that I know that your committee has a very major burden in trying to weigh the costs of this amendment and meeting the budget ceilings. But I think if we are

realistic we will recognize that if we are really concerned about readiness, about improving our short-term position and being able to respond to various contingencies throughout the world, the most important thing we can do is address the compensation question.

That is something we can do immediately. Hardware, equipment, improving our strategic forces will take us a number of years, but readiness can be improved today if we act on this important amendment.

Thank you.

Mr. NICHOLS. Thank you, Congressman Dicks.

Let me respond to your statement about the committee's responsibility here. I look at the Nunn-Warner provisions as the responsibility of all of us who have the responsibility of representing this Nation.

There is one aspect of this provision I would like to emphasize to you. Let me say we are delighted to know of your interest. We feel we have a friend on your subcommittee. We are going to be calling on you.

I would like to remind you that several of the provisions that are in the Nunn-Warner bill merely authorize a new type of allowance for special pay.

For example, the variable housing allowance, the extension of enlistment and reenlistment bonuses, the mileage allowance that you referred to, which is now ridiculous—10 cents a mile—all of those entities are going to require that funds be appropriated to pay these costs.

If those funds are not requested by the administration or if they are not provided by the appropriate committees of the Congress, then our exercise here today is entirely meaningless.

So my concern in this matter stems from past experience that we have had. For example, a year or so back this committee supported the so-called bachelor's cost-of-living allowance, COLA. Another authorized benefit that has not been funded is travel for dependents and transportation of household goods for junior enlisted members assigned within the continental United States. We authorized these all in good faith and yet we didn't get the money for them, so it has become an exercise in futility.

With regard to the Nunn-Warner amendment, as I say, I am pleased to know of your interests in this because I believe with your help and other members of your subcommittee, it stands a good chance of being approved.

Mr. DICKS. I just would respond in this way. I am a new member of the Defense Appropriations Subcommittee. I have been there just one year. But I think our subcommittee, having heard the same testimony that you have heard from the Defense Department, and from the Joint Chiefs, is going to take a special look at this area this year.

I can't obviously, make any commitments for the subcommittee but I can guarantee that if you authorize, these provisions, we will take appropriate action on a supplemental or the fiscal year 1981 bill to see if we can get the funding.

This problem should be dealt with immediately. If it requires action by the Appropriations Committee, I think we can get it.

I also know that two colleagues from my State who serve in the Senate, Senators Jackson and Magnuson, are deeply concerned about this issue, and they are in an important position to be able to do something about the funding realities also.

I want to work with you. We appreciate your leadership. We can't do anything without an authorization and once that is done, we will do our job on the Appropriations Committee.

Mr. NICHOLS. Mr. Mitchell.

Mr. MITCHELL. Thank you, Mr. Chairman.

I thank the gentleman for his compliment and the timely statement. Your statistics and examples tough a lot of raw nerves. You made some excellent recommendations. One of the very special problems is the pilot shortage. It is large in scope, 2,000 to 3,000 pilots, but the problem is we can't remedy the situation immediately. It takes almost 2 years to train a pilot, for example, and nearly a million dollars. That is something we do have to address right away.

I look forward to working with the gentleman to correct some of the wrongs you mentioned in your presentation.

Mr. DICKS. There was an important study made by Melvin Laird, former Member of Congress, and it is a very comprehensive statement of where we are on the question of military pay. I am sure the committee staff has it already. I would certainly recommend it as the most comprehensive statement on this question that I have seen.

Mr. NICHOLS. Mr. Mollohan.

Mr. MOLLOHAN. Thank you, Mr. Chairman.

Mr. NICHOLS. Mr. Dougherty.

Any other members of the committee?

Thank you very much, Mr. Dicks.

The next witness is Hon. Robert Pirie, Assistant Secretary of Defense for Manpower Reserve Affairs and Logistics, with backup witnesses from the services: Lieutenant General Yerks of the Army, Vice Admiral Baldwin of the Navy, Lieutenant General Bronars of the Marine Corps, and Lieutenant General Iosue of the Air Force.

STATEMENT OF HON. ROBERT B. PIRIE, ASSISTANT SECRETARY OF DEFENSE, MANPOWER RESERVE AFFAIRS AND LOGISTICS; ACCOMPANIED BY LT. GEN. R. G. YERKS, DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. ARMY, VICE ADM. R. B. BALDWIN, DEPUTY CHIEF OF NAVAL OPERATIONS FOR MANPOWER, PERSONNEL AND TRAINING AND CHIEF OF NAVAL PERSONNEL, LT. GEN. E. J. BRONARS, DEPUTY CHIEF OF STAFF FOR MANPOWER, U.S. MARINE CORPS, LT. GEN. A. P. IOSUE, DEPUTY CHIEF OF STAFF FOR MANPOWER AND PERSONNEL, U.S. AIR FORCE

Mr. PIRIE. Thank you, Mr. Chairman.

I am pleased to appear before you today with my Defense Department colleagues to address the subcommittee as you consider the military compensation features that are embodied in the Warner-Nunn amendment to H.R. 5168.

We clearly must focus our attention on not only the numbers of men and women who make up our Armed Forces but also the types of these people, their level of experience, and the effectiveness with which they combine into a ready and capable military force.

Many problems deserve our attention on a priority basis. The declining retention of our aviators, our physicians, and several of our technical and scientific officer specialties is a cause for concern.

An equally serious decline in the retention of our midcareer enlisted personnel is impacting upon the experience base of the force upon the size and quality of our first line supervisory corps, and upon the element of our force responsible for much of the training of our new recruits and junior career people.

Compensation adequacy and equity problems, while certainly not the only culprits, are contributors to these declines. In the months leading up to the submission of the budget request now before you and in our subsequent discussions of that budget with you we have stressed many of these problems.

The Warner-Nunn amendment is a recognition of many of these problems and in most respects, an adoption—in some instances an accelerated adoption—of our recommended solutions. In this context, I am pleased to support much of it. In some cases, the solutions proposed in this amendment seem to us to be most apt. In others they seem to be broader than the problem that they are designed to address.

As you are aware, the Warner-Nunn amendment contains seven separate but related provisions. One is a technical adjustment to the pay tables to permit commissioned officers with previous warrant officer service to count that service toward longevity credit in a manner similar to that now permitted for commissioned officers with previous enlisted service. This provision affects less than 150 individuals today, and its costs are negligible.

The other provisions involve increases and restructuring of various compensation elements—flight pay, sea pay, housing allowances, subsistence allowances, travel reimbursements, and reenlistment bonuses.

As a convenience, I have provided a brief comparative summary of these provisions this morning which you may find helpful as you consider this legislation.

Many of the features of the Warner-Nunn amendment were, in fact, surfaced as a result of the special pay adequacy study which we conducted last fall.

The report produced by that study—a report made available to the Congress as a matter of information—identified significant equity and adequacy problems in military pay. It will not be surprising, in this context, that we support many of the provisions of the Warner-Nunn amendment.

In fact, several of the features of the Warner-Nunn amendment either are or relate to proposals which have been included in the fiscal year 1981 budget request. The administration will support the acceleration of these features into the current fiscal year.

Specifically, first, we believe that the restructuring of sea pay for Navy personnel is important and desirable. The Congress approved this restructuring for fiscal year 1982. In the fiscal year 1981 budget we advocate moving the adjustment forward by 1 year.

Further, we now endorse this for fiscal year 1980. The recommended increase of 15 percent contained in Warner-Nunn does not seem inappropriate, and it should add to the incentive value of this compensation.

Second, we favor the proposed increase in permanent change of station, or PCS, travel reimbursements. Under-compensation of PCS moves is a major problem that we have recognized and have already

proposed significant steps to solve. The fiscal year 1981 budget request includes the maximum increase in these allowances currently permitted by law plus a legislative proposal to eliminate the statutory ceiling now imposed.

We would use it to the fullest extent that resource availability allows because we want to reduce the burden that these unreimbursed expenses place upon our military personnel.

Third, we favor the authority contained in the proposal to use reenlistment bonuses for personnel with critical skills at their reenlistment points in the 10 to 14 years of service window. This is a key feature of our program to deal with retention problems in this career zone. We have advocated it in the past, have included it in the budget request for fiscal year 1981, and would support it for fiscal year 1980.

We have analyzed the features of the Warner-Nunn amendment with respect to the anticipated effect on accession and retention as well as the probable cost impacts compared to the earlier Armstrong amendment with its across-the-board pay increase of 3.17 percent and compared to the initiatives included in the fiscal year 1981 budget request.

On an annual basis, the increases included in the fiscal year 1981 budget may be expected to increase career enlisted reenlistments by about 7,000, reduce the requirement for new accessions by a similar amount, and increase the supply of male high school graduates by some 700 at a total cost of \$253 million.

Our analysis of the Armstrong amendment showed an estimated increase in career reenlistments of slightly over 17,000, an offsetting reduction in accession demand, and an increase of 5,800 in the male high school graduate supply if normal elasticities still pertain.

The cost of the Armstrong amendment was estimated to be \$880 million annually when all of the related drag-along pays and allowances are considered.

A similar analysis of the Warner-Nunn amendment, using previously discussed values for some of the features which are not specifically defined, results in estimated increases in career enlisted reenlistments on the order of 14,200, a parallel reduction in accession needs, and an accession pool increase of some 1,650 in the male high school graduate area.

Our estimates of the annual cost of the Warner-Nunn amendment are \$749 million.

There are two features of the Warner-Nunn proposal that merit a critical assessment against both cost and effectiveness criteria in that they do not apply with the specificity that generally pertains to other features of the amendment.

The across-the-board increase in allowances for subsistence does not appear to have the targeted characteristics of the more problem-oriented elements of the proposal and adds \$139 million to the annual cost of the changes contained in the bill.

Similarly, the retroactive nature of the Warner-Nunn amendment lacks much of the accession/retention justification that pertains to the various proposals themselves. It would seem more prudent to eliminate this feature in favor of a prospective effective date. Such a change would not, in our view, detract materially from the desirable effects of the amendment and would enable the more equitable administration of whatever changes emerge.

The use of an effective date of April 1 instead of the January 1 date contained in the amendment would save approximately \$183 million in fiscal year 1980.

In summary, the specific proposals which make up the Warner-Nunn amendment have much in common with recognitions and initiatives that have surfaced within the Department of Defense.

As I have mentioned, substantial parts of the bill are supported with only minor variation in the budget requests for fiscal year 1981 either as funded line items or as legislative proposals. We share the concern of the Congress in these regards and support your positive consideration with respect to them.

In some areas, we do not necessarily endorse the specifics of the Warner-Nunn solutions; the variable housing allowance is such a case. But this, in no way, detracts from our shared recognition of the serious problems that we face.

This concludes my remarks and I would like to express my appreciation for the opportunity to address the important subject of military compensation before this subcommittee.

Mr. NICHOLS. Thank you, Mr. Secretary. We have a rollcall vote. I suggest we go over on the first bells.

Let me ask this question. In order to set the framework for the discussion that is going to follow, would you describe in some detail the provisions of the Nunn-Warner amendment, how these provisions would affect the monthly pay of service members?

Mr. PIRIE. The provisions of the Warner-Nunn amendment, Mr. Chairman, with respect to flight pay, would affect the monthly pay of individuals who are involved in that program by about \$125, up to \$306 a month.

The provisions with respect to sea pay, similarly—those individuals who are eligible for sea pay would draw between an additional \$29 and \$115 a month.

The enlisted reenlistment bonus is, of course, a case-by-case thing, not rationed out on a per month basis. Similarly, the permanent change of station moves would be on a case-by-case basis. So the general effect on monthly rates really only goes to those areas which I have just outlined.

Mr. NICHOLS. Mr. Secretary, let me ask you about a provision that I keep hearing that is floating around with reference to flight pay. Am I correct that the problem in pilot retention is so acute that the Department of Defense has recommended to OMB that flight pay be increased by 50 percent rather than 25 percent?

Mr. PIRIE. The aviation career incentives bill which we have forwarded, Mr. Chairman, contains such a provision.

Mr. NICHOLS. And is it expected that that legislation might reach the Hill sometime this spring?

Mr. PIRIE. That is a question that has passed beyond my sphere, Mr. Chairman.

Mr. NICHOLS. Suppose, on that sound note, we take a little recess here and we will be back in about 10 minutes.

[Brief recess.]

Mr. NICHOLS. The subcommittee will come to order.

Mr. Mitchell, do you want to question the Secretary?

Mr. MITCHELL. Thank you, Mr. Chairman.

Mr. Secretary.

Mr. PIRIE. Good morning.

Mr. MITCHELL. I was pleased to read your statement, and it seems that you are in general agreement with the Nunn-Warner program. Is the picture presented by the Members of Congress, the statistics they cited and the examples they provided, reasonably accurate? Are conditions that dire?

Mr. PIRIE. I can't, Mr. Mitchell, verify the exact statistics. I would have to look at them and know a little bit more about how they were derived. I would be glad to undertake to provide for the record our own analysis of the case and the statistics as we see them.

Let me say that I am extremely impressed with the expertise and the concern of the members who have testified this morning.

The situation from our point of view, and I think my colleagues here will back me on that, is one of very great concern. I hesitate to use the word dire, I hate to be an alarmist about it, but it is something that requires action, in my view.

We cannot allow ourselves to just continue in the way we are going.

Mr. MITCHELL. In your testimony, you mentioned that:

There are two features of the Warner-Nunn proposal that merit a critical assessment against both cost and effectiveness criteria in that they do not apply with the specificity that generally pertains to other features of the amendment.

The across-the-board increase in allowances for subsistence does not appear to have the targeted characteristics of the more problem-oriented elements of the proposal.

Is there a problem in this area? If there is, how should we address it?

Mr. PIRIE. Well, the subsistence payments simply are an element of the general compensation and the effect of that remark was to point out that everyone would receive the same sort of 10 percent. That being a general problem, our view, I think, is that more targeted forms of pay, like more compensation for permanent change of station moves, sea pay, that kind of thing, are more productive ways to use the money.

Mr. MITCHELL. Your other concern is the effective date. By postponing it from January 1 to April 1, you don't feel we are going to lose any of the bill's ability to attract and retain, you just think we are going to save some money primarily?

Mr. PIRIE. I think that is right. The important thing is, with respect to these measures, to get them on the books and for our members to perceive that indeed we are going to do this and that we are coming with help and that will, I think, serve the major purpose here.

Mr. MITCHELL. And the cost-benefit ratio of the retroactivity provision, you feel, doesn't merit its inclusion?

Mr. PIRIE. Yes, sir.

Mr. MITCHELL. It doesn't have a great pulling power for enlistment or retaining power.

Mr. PIRIE. That is the way we see it.

Mr. MITCHELL. Who will benefit from each of the provisions in the Nunn-Warner amendment? In other words, can you provide us with an estimate of how the various categories like first term versus career enlisted would be affected?

Mr. PIRIE. Perhaps I might just address that in a very cursory way and turn to my colleagues to see if they have anything to add. Clearly

the PCS moves would affect both but perhaps career somewhat more than first term.

The subsistence, should Congress see fit to enact it, I think, would affect both but be more beneficial really to our junior people.

The reenlistment bonuses clearly are career oriented. With respect to sea pay and flight pay—perhaps I could defer to Admiral Baldwin and General Iosue to give you their estimates of that.

Admiral BALDWIN. Sea pay would be more heavily toward the career force because for the first 3 years at sea, sailors are not now eligible for sea pay. Flight pay would benefit all designated aviators and enlisted aircrew men. It would benefit those officers who had just gone past their initial obligated service, slightly more.

Mr. MITCHELL. Admiral, what is the difference in pay between a pilot who leaves the Navy and goes to work for the airlines and what he makes, say, as a lieutenant commander?

Admiral BALDWIN. Well, he would get paid very well when he gets to be a captain in the airlines, up in the \$60,000 to \$80,000 category as opposed to the \$28,000 category for lieutenant commander-commander types.

Mr. MITCHELL. And he could be a captain with the number of hours he would have accumulated and the experience he would have gained up to the point of lieutenant commander or does he have that to look forward to?

Admiral BALDWIN. Yes. I think you can say there are captains with the airlines who are certainly comparable in time with the lieutenant commanders or commanders.

Mr. MITCHELL. The pay disparity would be something between \$30,000 and \$60,000.

General IOSUE. May I give an example? I will give you an example of the Delta Airlines pay scale. A captain in the U.S. Air Force makes about \$27,500 a year, with flight pay at about 8- to 10-year point. He leaves the U.S. Air Force, goes to work for Delta Airlines, and this is true for the majority of trunk airlines within the United States, he would get \$12,000 a year, a probationary period for the first year.

His second year he works, if he survives the probationary period and the majority of them do, the second year he would receive \$27,000. So within 1 year he has equaled the pay he was earning when he left the Air Force.

The third year he goes to \$33,500 per year. Then from that point on it depends upon what type of aircraft he flies, whether he is on domestic or international routes. And he has a potential of \$85,000 to \$100,000 a year.

Mr. MITCHELL. Does the chairman have a question?

Mr. NICHOLS. Did I understand you to say that the first year that that Air Force captain comes out and goes to Delta Airlines as a trainee, I would presume, his salary is only \$12,000 a year?

General IOSUE. Yes, sir, probationary period \$1,000 a month.

Mr. MITCHELL. So he takes a little gamble the first year but pays off if he stays with it. It seems like it is an almost identical problem we have analyzing with respect to physicians. It seems like the pilot pay scales and the physician pay scales are almost identical, the disparity is almost identical between the services and the private sector.

Mr. NICHOLS. It would seem to me that the airlines have so many

people who want to become airline pilots that they can pay them \$12,000 a year and pick and choose probably at that figure for the first year, predicated on what they learn on down the road.

General IOSUE. Yes, sir. Seventy-two percent of the airline hirings during 1979 were military trained pilots.

Mr. NICHOLS. Is that probationary figure, that salary scale, is that fairly common throughout the airline industry?

General IOSUE. Yes, sir, it is.

Mr. MITCHELL. So we train the pilots for maybe \$750,000, and we lose 75 percent of them, no—

General IOSUE. No. Pilot training in the Air Force, I don't know what it is in the Navy, but to train a pilot in the Air Force just to get them through basic flight training is \$220,000 a year. Then to get them qualified in a front line aircraft runs as high as \$700,000, for a total of about \$900,000. The average in the Air Force is about half a million dollars per copy.

Mr. MITCHELL. So we spend half a million then we lose them pretty quickly because we are afraid to spend a little bit more to keep them.

Mr. NICHOLS. Mr. Mollohan.

Mr. MOLLOHAN. Thank you. I want to understand your testimony, Mr. Secretary, your comparisons between the impact of the Warner-Nunn amendment and the Armstrong amendment. As I understand it, in the very beginning we have included in our fiscal year 1981 budget, that is you have changes that would increase your career enlisted reenlistments by about 7,000. You expect that impact. That is already in your budget, those changes.

Mr. PIRIE. Yes, sir.

Mr. MOLLOHAN. A cost of \$253 million a year, would give us an increase of 7,000 in our retentions, therefore, a reduction in access needs of a similar amount. Then we move on to the Warner-Nunn amendment and there we have the impact of that, which is that our career enlisted reenlistments is on the order of 14,200 and a corresponding reduction in accession demand and an increase in enlistments of approximately 1,400. That is to be accomplished at about \$749 million per year annual cost, of the Warner-Nunn amendment.

Then we go back to the Armstrong amendment and that is at a cost of \$880 million. According to your testimony here the impact on career reenlistments is 17,000, with an offsetting reduction in accession demand and an increase of 5,800 in male high school accessions.

That, to me, suggests very definitely that you are in favor of the Armstrong amendment. Now, does the Nunn-Warner amendment include any of those items which you have already included in your fiscal year 1981 budget?

Mr. PIRIE. Yes, it does, including the sea pay, the second term reenlistment bonuses and a number of others that I indicated.

Mr. MOLLOHAN. Are we to understand that the 7,000 increase by reason of the additional benefits you have put in your budget, should be added to the 17,000 that would result from the Armstrong amendment, or to the 14,200 that would result from the implementation of the entire Warner-Nunn amendment?

There is bound to be some overlapping here.

Mr. PIRIE. I think a substantial overlapping. In fact, the only case that comes to mind in which our fiscal 1981 is at a higher level than

Warner-Nunn would be in the case of aviation career incentive pay. That, in terms of actual numbers, is not going to make a great deal of difference.

Mr. MOLLOHAN. In other words, if we go for the Warner-Nunn amendment and the Congress accepts the changes you have already recommended, even though some of them are part of the Warner-Nunn amendment, we are not to understand we are to have an increase of 7,000 plus 14,200 for 21,200; that is not the case.

Mr. PIRIE. That is correct.

Mr. MOLLOHAN. That is not the case?

Mr. PIRIE. That is not the case.

Mr. MOLLOHAN. Thank you, Mr. Chairman.

Mr. DOUGHERTY. Mr. Secretary, obviously this problem has been around for a while. What proposals have you made to correct the situation prior to the Nunn-Warner amendment?

Mr. PIRIE. As I say, the administration's proposals addressing this in fiscal 1981 will include aviation career incentive pay, increases in sea pay, second term reenlistment bonuses and the like. PCS modification.

Mr. DOUGHERTY. Let me rephrase the question, Mr. Secretary. Personally, what has your Office done, what has your Office recommended to the Secretary of Defense and OMB as far as increase in military compensation?

Mr. PIRIE. I prefer, Mr. Dougherty, for the Secretary of Defense and OMB to answer that particular question.

Mr. DOUGHERTY. Mr. Secretary, preparation for today indicates that perhaps your office recommended compensation above what the administration is supporting, and I would like to try to get on the record exactly, since that is your area of responsibility, what you are recommending.

How would you resolve the problem, Mr. Secretary?

Mr. PIRIE. I think the situation you see is one in which many members of the administration find themselves, a position of advocacy when discussions arise involving how to share the limited amount of resources in the whole Federal budget. I am an advocate for manpower and I have my ideas about how best to spend the Defense budget. If all of the advocates in the Defense Department simply added their views, it would be a very large amount of money.

Mr. DOUGHERTY. I only have 5 minutes and I have enough questions to come back a second time. I understand what you are saying. What I am saying is we have a problem. It is your responsibility to have made recommendations. Specifically, without the bureaucratic jargon, have you prepared a report to the Secretary of Defense on military compensation, and if you have, I would like to have a copy of your recommendations.

Mr. PIRIE. We have prepared such a report. It is available; I will make a copy available to you today, sir.

Mr. DOUGHERTY. Thank you. You say that you will support in fiscal year 1980 most of the recommendations of Nunn-Warner, which means we have to have a change in the budget resolution.

So are you saying in effect that the administration will support a change in the budget resolution to accommodate Nunn-Warner in the areas you specified?

Mr. PIRIE. Yes, sir. The administration would have to face the consequences of the adoption of the things that it supports.

Mr. DOUGHERTY. You also say that you have to change the effective date because of the dollar savings involved. How much money would be saved?

Mr. PIRIE. \$183 million is our estimate.

Mr. DOUGHERTY. Isn't it true, if the problems are as bad as they seem to be, that if we took that \$183 million and gave it to our troops be it as a bonus, a one-time bonus, or even for the poor guy who is not on flight pay or doesn't go to sea, even if he got a couple of extra bucks for subsistence, or for change of station, that it would be a sign of good faith, that we are going to try to resolve this problem?

Mr. PIRIE. I think that there are a variety of ways in which one could interpret that. Certainly that amount of money distributed among the people would make them happier. Whether that is the most effective way to use \$183 million, I think, is arguable.

Mr. DOUGHERTY. Let me ask you, Mr. Secretary, if I gave you \$183 million tomorrow and said, "Do with that what you want, put it in the bank and save it or give it out as a bonus to the pilots, to guys who are on sea duty, and to the other enlisted personnel," what would you do with it?

Mr. PIRIE. I would start writing checks immediately.

Mr. DOUGHERTY. Thank you very much. That means you would agree with my position, which is basically we should not change the effective date of the amendment? Now that is personally, Mr. Secretary.

Mr. PIRIE. Personally, I think there is a very great deal to be said for your personal opinion.

Mr. DOUGHERTY. Let's talk about subsistence. Does your wife go shopping?

Mr. PIRIE. She does.

Mr. DOUGHERTY. Does she come back from the supermarket and complain about the increase in the cost every week?

Mr. PIRIE. She does.

Mr. DOUGHERTY. You are talking about a 10-percent increase, giving the enlisted man's wife 10 bucks a month extra to go shopping with. How can you justify—and I am not saying you are petty, but it comes across that way—cutting out an increase in subsistence when you are talking about a morale problem?

You know the impact of a wife on a guy that is in the service, with a paycheck every couple of weeks. Here you say we are not going to give you 10 bucks a month for subsistence because we are going to save it. That is hardly justified, is it, Mr. Secretary?

Mr. PIRIE. Once again, it is a question of what is the best way to use this amount of money.

Mr. DOUGHERTY. I understand what you are saying. This is the same thing we get from everybody else, that we have a dollar crunch. Congress would like to do you guys a favor, we would like to rewrite your Defense budget and start giving you some things that you want.

The only problem we have is convincing you to ask us for it. At what point in time—and maybe General Issue can answer—does increased retention offset increase in cost? How many pilots did you lose last year, General?

General IOSUE. Last year we lost 3,000 pilots.

Mr. DOUGHERTY. 3,000 pilots were lost?

General IOSUE. Last year in fiscal 1979.

Mr. DOUGHERTY. Last year. How many then if you retained, how many would you have had to retain of that 3,000 to offset the costs that are incurred in Nunn-Warner?

General IOSUE. We estimate we would retain some 200 additional pilots as a result of the aircrew incentive pay provision within the bill. Retention of just 60 more pilots would pay for the provision.

Mr. DOUGHERTY. So that in effect we give you the aircrew incentive pay, even at 50 percent, or 25—

General IOSUE. At 25 percent.

Mr. DOUGHERTY. At 25 percent you feel you could retain at least 200 more pilots and in effect it would be paying for itself?

General IOSUE. Yes, sir; I would take that on as it would amortize the cost of the bill.

Mr. DOUGHERTY. Admiral, what do you really want for sea pay? Don't tell me what OMB told you could have. What do you really feel is the dollar amount for sea pay necessary to retain qualified petty officers in the U.S. Navy?

Admiral BALDWIN. There isn't a legislative proposal for it now, but there is one that we are working on.

Mr. DOUGHERTY. Yes.

Admiral BALDWIN. I would say that you need to get up to paying in the range of \$100 to \$300 a month for people embarked in ships at sea.

Mr. DOUGHERTY. And the increase under Nunn-Warner is \$29 to \$115?

Admiral BALDWIN. That is the range of payments that would be authorized by the amendment. That represents increases of \$4 to \$15 above the currently authorized fiscal year 1982 rates.

Mr. DOUGHERTY. So you are talking about a 300-percent increase in what has been asked for just to meet what you consider to be the appropriate pay for sea duty?

Admiral BALDWIN. In my view the long-term solution is going to take something like that.

Mr. DOUGHERTY. For the record, what was your planned attrition in the Navy last year of pilots and how many did you actually lose?

Admiral BALDWIN. Well, we—our retention dropped down to about 31 percent. What we need to keep is 60 percent.

Mr. DOUGHERTY. Could you just give me that in numbers? You wanted 60 percent of your pilots to stay, 31 percent stayed. What is the figure?

Admiral BALDWIN. That is right. It takes a measuring group there and we had 331 stay and we wanted 492 to stay.

Mr. DOUGHERTY. Thank you. May I have a second round after it goes around?

Mr. NICHOLS. Certainly.

Mr. DOUGHERTY. Thank you.

Mr. NICHOLS. Mrs. Byron.

Mrs. BYRON. Let me follow a little bit along on that. We have some proposals before us now, and we have an awful lot of people in the military that are sitting watching what we are doing today. We have

a great many people making a decision whether they are going to stay; whether they are going to leave. We have lost a lot of them.

I think the consensus of this committee is to move as quickly as we can to retain those who are on the brink right now. We have legislation that this subcommittee is going to move on I hope very quickly; it will then have to go before the full committee. We have had testimony today from one of our colleagues on the Appropriations Committee, and it looks like for the first time we might have some new friends over there that we hadn't counted on before. Everybody coming in to testify before us recently has said the same story.

But if we got somebody to come in from OMB, they would come in with a completely different story and that would be the end of the pay bill as far as a lot of people are concerned.

What I want to know is what can I as an individual and members of this committee do to make sure that once and for all we are going meet these shortfalls, that we are going to retain these individuals that we are talking about losing. How quickly do you feel that as a committee we can move and get the pay bill out, passed, and moved along so we can get the individuals that are sitting today trying to make a decision whether they are going to stay or whether they are going to get out. Let them know that there is support for what they are doing.

Mr. PIRIE. Well, Mrs. Byron, I think you have already taken a very major step toward achieving those objectives now simply with what you have just said and of course with these hearings, with what has come out here.

With respect to OMB, I think OMB agrees with what I have said here today. I think there need be no fear that the administration will offer any less support or contradict what has been said here today.

I think you have touched on a most important aspect of this which members who testified also touched on. That is that the people in the Armed Forces need to know that someone really cares enough about their situation to be willing to take the tough steps to insure that they do not, year after year, suffer losses of real purchasing power.

That is absolutely key, the most important thing that we can do. That goes then to the question of—this is an important measure but also it is not a one-time fix-and-walk-away situation. It is something which we will have to stay with for some time before I think those of us who are involved in this business, as managers or technically, as I am, will be satisfied we have the situation right.

Mrs. BYRON. We talked a lot about the pilot incentive, sea pay, and retention. But you know those pilots can't fly the planes unless they have adequate mechanics, and those are enlisted personnel.

We are losing a lot of enlisted personnel. We can't operate our hospitals unless we have the supportive staffs necessary to work along with the doctor. So it isn't just those two top categories that seem to be getting a great deal of publicity. I agree with that problem completely, but you have to look a little bit deeper and be sure they have the supportive staffs to go along with the missions that they have. I think that is what is extremely important in this bill.

Mr. PIRIE. I think you have touched on an important aspect of the situation, something that is of everyday concern to me in my job not only with manpower and reserve affairs but also logistics,

that it goes to the business of readiness. Not only do we have to buy the equipment, make sure that it is good equipment and then undertake to support it, but we also have to support the manpower to support it, most essentially.

If we don't, then we will lose readiness even though we spend money on all the other things.

Mrs. BYRON. Well, I hope you will speak to OMB very firmly.

Mr. PIRIE. Yes, ma'am.

Mr. NICHOLS. Dr. Evans.

Mr. EVANS. Thank you very much, Mr. Chairman.

Mr. Secretary, did you convey the impression that you preferred the targeted approach rather than across-the-board?

Mr. PIRIE. Yes, sir.

Mr. EVANS. Have you considered the possibility that in addition to the areas targeted for change, there are other areas in which you don't see the crisis now and which might become targeted areas when you change the relative relationships?

Mr. PIRIE. I think that is a strong possibility. The real issue here is limited resources. We know we have some pretty serious shortfalls. It seems well to address those which we consider to be most serious.

Mr. EVANS. Well, in keeping with Mrs. Byron's remarks, I think we all agree we are facing a very serious situation. It occurs to me some of these approaches might be like using a 5-foot ladder to reach some things that take 6 feet to reach. You don't reach it. What would be the objection to having both the across-the-board approach and the targeted approach?

Mr. PIRIE. I think the specific objection which I have raised in other testimony to the Armstrong amendment is that it would result in breaching the President's wage guidelines, which would increase the amount of the deficit and goes not to the question of military manpower at all but the question of fighting inflation, one of the President's principal goals.

So I have to state on behalf of the administration that that is an objection. But I would not in the same breath say that if Armstrong were passed in addition to that, the effect on retention and accession of military manpower would be bad. I can't say that. They would be good.

Mr. EVANS. We have just come through 1 year when we have had inflation which was about 13 percent, give or take a few points. Do you think the passage of a 3.4-percent increase would get it out of kilter?

Mr. PIRIE. The effect of Government spending in general on the overall rate of inflation I think is greatly exaggerated. This amount technically would not add a great deal to it. There is the question of the determination to meet inflation with every possible means. The visibility of that is quite important, to the administration.

Mr. EVANS. My feeling is that we have to go further back in our priorities. I believe our very existence as a Nation is threatened. Do we follow guidelines in order to prevent an increase in the deficit or do we do what is necessary to protect ourselves and our very survival? It is the military that has to give us the advice. I appreciate your loyalty to the guidelines. But as several of the gentlemen have pointed out, we need to know what is absolutely necessary.

Mr. PIRIE. With respect to what is absolutely necessary. I think there is a substantial amount of difference of opinion. I think the fact

that my testimony is as it is reflects that. And the absoluteness of the necessity, I think, you are in a position to say. Certainly we have problems, certainly the additions in compensation, be it Warner-Nunn or be it Armstrong, will move us in a direction that will help ameliorate those problems. But we as a nation have a wide variety of problems.

In my narrow perspective I see problems as bulking very large but I cannot speak for other people who have other responsibilities and who have other uses for funds.

Mr. EVANS. Do you happen to know whether the increase in funds requested by the administration takes into consideration a comparable increase in the personnel, which will increase again by reason of the compensation of the persons who are retained?

Mr. PIRIE. I am sorry, I don't think I understood the question.

Mr. EVANS. There has been talk in the administration of an increased military budget, 5 percent, I think, is the figure that has been quoted.

Mr. PIRIE. Yes.

Mr. EVANS. Does that take into account fully what would happen when you increase the pay and therefore retain more of the people in addition to taking new ones on to operate additional equipment, additional ships and everything?

Mr. PIRIE. Yes. The fiscal 1981 pay incentives are factored into the real growth in the budget.

Mr. EVANS. As a final statement I want to associate myself very strongly with the gentlelady from Maryland here in that if you increase salaries for selective individuals and not salaries for those individuals who provide support, we will be in the situation of the organist who got a tremendous ovation after playing one of those old-fashioned organs where you pump; the fellow who pumped didn't get recognition so he stopped pumping.

I wouldn't want to see that happen. I would certainly want to consider a much broader increase than just the targeted ones. Thank you, Mr. Chairman.

Mr. NICHOLS. Mr. Dougherty, do you have further questions?

Mr. DOUGHERTY. Thank you, Mr. Chairman.

The Navy said you planned to lose 600 pilots last year and only 300 stayed; is that correct?

Admiral BALDWIN. Yes, roughly. I was talking from a specific group that we used as a measure. That is not the total pilot population but it is representative of the problem. In actual numbers we lost 1,090 lieutenants and lieutenant commanders and we only added 532 newly designated pilots out of flight training.

Mr. DOUGHERTY. What about the Air Force?

General IOSUE. In fiscal 1978, let me see if I can draw this out for you, in fiscal 1978 we planned to lose 1,900 pilots, we in fact lost 2,300. In fiscal 1979 we updated our projections based on the previous year losses and we updated that to plan to lose 2,000 pilots, we in fact lost 3,000 pilots.

The net effect of all of that is going to leave the U.S. Air Force, if these projections hold true, throughout fiscal 1980, the U.S. Air Force will be short as many as 2,000 pilots by the end of fiscal 1980.

Mr. DOUGHERTY. What is that in relationship, General, to the number of pilots you commission a year?

General IOSUE. The 3,000 we lost in fiscal 1979 is about equal to our total prior 3-year production rate.

Mr. DOUGHERTY. In other words, you lost in 1 year more pilots than you commissioned in 3 years?

General IOSUE. Previous 3 years.

Mr. DOUGHERTY. What about the Marines, General?

General BRONARS. We don't have any specific statistics along those lines; however, our current shortfall in pilots is 645 out of a requirement of 3,930. We have had an increased attrition rate. In fiscal year 1977, 407, pilots attrited. In 1978 we lost 524; and in 1979 481. That represents about 15 percent of our company grade officers who fill most of our pilot seats, and about 10 or 11 percent overall, a loss rate significantly higher than we like.

The big problem is that we have not been producing sufficient pilots to offset the losses for these years. However, the pilot training rate (PTR) is improving. We expect to train 450 new pilots this year and slightly higher numbers next year.

We are experiencing the same problems as the Navy and the Air Force, and our losses are exceeding our ability to replace them. As a consequence we have a shortfall.

Mr. DOUGHERTY. We hear a lot about flight pay and sea pay. What is the most important military compensation element to the Marine Corps, getting away from flight pay and all that?

General BRONARS. Out of these provisions we are considering today?

Mr. DOUGHERTY. No. What is your No. 1 priority as far as compensation to enhance the Marine Corps?

General BRONARS. We have in the Marine Corps over 54 percent of our personnel in the lower 3 pay grades. As a consequence, we look on any of these provisions with that constituency in mind.

We feel, for example, the subsistence issue, although it adds only a few dollars in the pocket of the individual Marine, is very important because it is just something that should be done. If he does not have a mess hall available from which he can draw his daily rations, he should be compensated for the cost of that food.

The fact is that the cost of food is substantially higher than his subsistence allowance. We would like to see that increased so the individual doesn't have to pay for it out of his pocket.

Mr. DOUGHERTY. Do you know offhand what it costs to buy three meals in the messhall a day? I heard a figure like \$3.90

General BRONARS. I think the figure we use now is \$3.50 per day.

Mr. DOUGHERTY. What subsidy does an E-2 or E-3 get?

General BRONARS. \$3.21 a day.

Mr. DOUGHERTY. So we don't even pay in subsidy what it costs to eat for a day in the messhall?

General BRONARS. That is right, sir.

Mr. DOUGHERTY. That is just unbelievable.

What is the Army's view? Would you comment, General, to the needs of the Army as it relates to compensation?

General YERKS. Our concentration is primarily 1 through 4 which is 62 percent of our force. We are heavy, of course, in those lower grades. As the Army's Personnel Chief, I consider myself the agent for those soldiers. Too often we get ourselves into the position where we are "either/or" in trying to provide adequate compensation

for our soldiers; that is, you can have either these directed types of compensation or you can have an across-the-board type of "get well" compensation.

The truth of the matter is that to that young soldier and his family it is all wrapped up in one package, and the cost of living and the cost of travel and the cost of housing and so forth all mean one thing to him, and that is, he isn't making enough money to pay those bills today.

I would just urge that in any consideration of compensation that we realize we have a pay comparability problem where inflation and pay caps have eroded the soldier's salary, in addition to these very attractive directed problems that are outlined in the Nunn proposal.

Such a thing as variable housing allowance is a very important provision in this piece of legislation because, you see, about 50 percent of our soldiers today are married. You see that soldier marching to the Tomb of the Unknown Soldier and he is living in a hovel someplace because he is married and he cannot afford the housing in an area like Washington.

So there are two sides to this pay comparability and these other important provisions.

The other was outlined by the previous Congressmen in testimony, the great amount of money this young married soldier must take from his pocket to pay for travel, for lodging and so forth when we present him with an official set of orders to go from Fort A to Fort B.

Mr. NICHOLS. Thank you, Mr. Dougherty.

Do any other members have any questions?

Mr. Secretary, we appreciate very much your being with us.

Without objection, other Members of Congress who had asked to testify, and military associations, may have 1 week to submit statements for the record. We have received statements from the Fleet Reserve Association which will be made a part of the record today.

WRITTEN STATEMENT OF HON. CECIL "CEC" HEFTEL, A REPRESENTATIVE FROM HAWAII

Mr. CHAIRMAN. I am delighted to submit testimony to express my strong support of the Nunn-Warner amendment to H.R. 5168, relating to personnel management of the Armed Forces, as adopted by the Senate. My testimony will focus on what I believe to be one of the most serious problems facing our military force, namely the inability of the armed services to retain adequate numbers of technically trained officers and enlisted personnel.

At the start of the all-volunteer policy in 1972, pay for new enlistees was increased 61 percent. Since then, little attention has been given to maintaining pay comparability. Military pay has increased 56 percent over the past 7 years while the Consumer Price Index has risen over 74 percent. Ten percent of our enlisted force is eligible for welfare, hundreds of thousands of enlisted men make less than the minimum wage, and a man with 11 years of service receives less compensation than a unionized grocery clerk.

Senior Pentagon officials, both civilian and military, have stressed that one of the problems in the armed forces that is even more pressing than recruitment is the services' decreasing ability to retain experienced members past their second tour of duty. Recent defense reports show that more than 50 percent of current Army recruits enlist with the intention of making a career of their service. In actuality, 30 percent of males enlisting do not even complete their first term of enlistment, and fewer than 21 percent of those re-enlist. The armed forces have a shortage of more than 70,000 non-commissioned officers. This does not even include shortfalls among selected categories of officers such as doctors, pilots, engineers and navigators.

It takes at least a decade for a military novice to gain the training and experience necessary to be able to operate and maintain our sophisticated weapon systems. Technical specialists who attain these skills are leaving after completing their second and third terms of service and are moving to the more lucrative private sector, where their skills are also in great demand. Former Secretary of Defense Melvin Laird has noted that for every mid-career petty officer and senior non-commissioned officer who stays past his or her third term, the services need four fewer recruits to be trained to take their places.

There is no question that a great strain is being placed on all branches of our armed forces. Even reinstatement of the draft will not solve this severe retention problem. If pay continues to drive high quality people out of the service, it cannot help but undermine our national security. Weapons cannot be effectively operated and maintained without sufficient numbers of qualified people.

The Nunn-Warner amendment is not the ultimate answer to this problem, but it is certainly a large step in the right direction. We in Congress must, without further delay, recognize our commitment to our armed forces and begin to implement a decent standard of living for the military and to provide an environment conducive to making a military career attractive.

Again, I appreciate the opportunity to address this issue and urge the Committee's acceptance of this amendment in conference. Thank you.

WRITTEN STATEMENT OF ROBERT W. NOLAN, NATIONAL EXECUTIVE SECRETARY,
FLEET RESERVE ASSOCIATION

INTRODUCTION

Mr. Chairman and distinguished members of this Subcommittee:

I am Robert W. Nolan, National Executive Secretary of the Fleet Reserve Association. As a retired Chief Petty Officer of the United States Navy it is a privilege for me to appear as the spokesman for the 148,059 career enlisted personnel who comprise the Association. I appreciate the opportunity to present the F.R.A.'s views regarding the personnel retention crisis in the Armed Forces and justify the need for an immediate reversal of the erosion of military compensation.

THE CRISIS IN THE RETENTION OF PERSONNEL

We appreciate the concern of the country's leaders regarding the evaluation of the success of the All Volunteer Force. However, we see a crisis in the retention of experienced, skilled middle grade personnel in the Armed Services today. Each service is experiencing this shortage but allow me to cite the case of the U.S. Navy to demonstrate the seriousness of the problem:

The Navy is short nearly 20,000 midgrade, skilled personnel.

Currently, the Navy is short 2,600 midgrade officers.

Last year the Navy retained less than half of its petty officers who were completing their second enlistments.

In 1979 the Navy experienced reenlistment shortages in 59 of its 85 major enlisted skill areas.

Naval aviator retention levels are predicted at 28 percent in fiscal year 1980.

The retention rate for Naval officers and midterm petty officers is 15 to 20 percent below optimum levels.

Ship and aircraft squadron manning is at only 85 percent of combat readiness levels!

What is causing this exodus of experienced midgrade petty officers? The answer lies in the typical story of one petty officer, Boiler Technician First Class John Smith. He is married and has two children.

John Smith enlisted in 1971 just before the All-Volunteer Force came into being. In 1972 a major pay scale revision established military compensation levels generally comparable to civilian workers. Then for a time legislation enacted in 1967 continued to increase military pay at a rate equivalent to the increase in the cost of living. John Smith, looking forward to a reasonably well paid future, married his high school sweetheart, and in 1973 they had their first child. Of course, it was a great disappointment that John was not present for the birth since his ship was deployed to the Western Pacific.

In 1974, there was a bit of a recession, but in general, Smith, now a petty officer, found his pay remaining roughly equivalent to his civilian friends.

In 1975 he reenlisted, and with an attractive reenlistment bonus in the bank, he and his wife had a second child. Again, John was overseas at the time of delivery.

Then in 1975, the annual military pay hike was capped by the Administration. Still, even with the new baby, things were not so bad.

The family separations were hard, but the Smiths were discussing the prospect of a 20-year career in the Navy.

But by 1978 even with further promotions, longevity pay raises, and cost of living pay increases, Petty Officer Smith was having second thoughts about further reenlistments.

He had just finished moving his family to San Diego from the East Coast after a tour of duty ashore. His field of specialization was one of the most critical in the Navy, and one of the most seriously undermanned. Only two-thirds of skilled positions could be filled by assets. Petty Officer Smith was needed aboard ship.

In moving to San Diego, Petty Officer Smith found that it cost him almost \$100 a day to feed and house his family above what they were reimbursed while moving and looking for a new home.

When they looked to buy a home, the Smiths found that only 3 percent of the available houses in San Diego were priced below \$55,000. The Smiths rented. Still, their rent vastly exceeded his quarters allowance. Average monthly housing costs were almost \$500; his monthly Basic Allowance for Quarters was \$228.

In order to make ends meet, the Smiths decided that Mrs. Smith would have to go to work. Because they had just moved to the area, she found it hard to find a job. Upon going to work, she found her income to be less than that of her civilian neighbors' wives who had held their jobs for longer periods.

By the end of his eighth year, Petty Officer Smith was earning a little less than \$14,000 a year. Looking into private industry, he discovered that a friend with equal seniority in a similar civilian job was earning over \$22,000 a year. This was for a 40-hour workweek. Now again aboard ship, Petty Officer Smith was working over 72 hours a week at sea. The ship was soon to deploy to the Far East and preparing for inspections required long hours in port. Because of personnel shortages, Petty Officer Smith often found himself performing the same types of jobs he had done as a junior petty officer years before. Every third night, he remained aboard ship in the duty section.

The ship was scheduled to deploy to the Western Pacific soon after the time for reenlistment came for Petty Officer Smith. He could reenlist for a guaranteed reassignment, but it would entail another costly move. When his second enlistment expired, Petty Officer Smith did not reenlist.

Petty Officer Smith's story is being repeated over and over in the Navy. His decision not to reenlist is being repeated by the thousands each year.

THE JUSTIFICATION FOR INCREASED MILITARY COMPENSATION

Even though military pay has risen 46 percent since 1972, the commencement of the All Volunteer Force, military personnel depending on pay grade and length of service have experienced anywhere from 12 to 24 percent drops in average real income due to inflation. Pay caps on governmental raises in 1975, 1978 and 1979 resulted in pay raises for the military which substantially lagged behind the rise in cost of living.

As of May 1978, almost one-third of all enlisted personnel regardless of their levels of skill, education, area in which they are stationed, length of the workweek, or other characteristics, were being compensated for work performed at a level equal to or below the minimum wage level for any work performed in the private sector in a 40 hour workweek.

Pay for midgrade Navy personnel is well below that of civilian contemporaries in the same age groups with similar educational qualifications. Military buying power has fallen from 7 to 20 percentage points behind that of their civilian contemporaries. Please keep in mind that the majority of Navy personnel are located in the major coastal areas which are high cost of living areas. Military personnel lost buying power in six major coastal areas while skilled civilian maintenance workers in the same cities actually gained buying power.

HOUSING COSTS FOR MILITARY PERSONNEL

For example, housing costs for Navy married personnel not living in military housing exceeds the Basic Allowance for Quarters in all United States locations

where Navy personnel are stationed. The average military member in the United States is paying \$920 more per year for housing than he receives as a quarters allowance. Frequent requirements to transfer and relocate deprive service families of the benefits of rental controls and reduced housing costs associated with remaining in one home.

THE COST OF PERMANENT CHANGE OF STATION MOVES

Permanent military reassignment (PCS) for the convenience of the government costs military members about \$1 billion per year more than they are reimbursed.

Permanent change of station moves are the common denominator in the service. Service personnel have become increasingly aware that the costs connected with PCS are not covered by the available reimbursements. It is difficult for service personnel to rationalize that they are required to absorb expenses incurred in compliance with orders when such costs are the result of a permanent change of station directed by the needs of the service.

Unlike many of his civilian contemporaries, including civil servants, a Navy member is not furnished with a paid house-hunting trip to his new duty station prior to transfer. Consequently, service members incur additional nonreimbursable expenses for the trip. Most large corporations and the Federal government allow such a house-hunting trip for their civilian employees.

For example, let us compare an identical move by a civil servant and his family with that of a military member and his family. The total reimbursement to the civil servant is \$12,420.69 while the service member receives the grant total of \$952 for the same move.

THE CLEAR AND JUSTIFIABLE NEED FOR AN INCREASE IN MILITARY COMPENSATION

We believe the facts speak for themselves. We have outlined a clear and justifiable need for an immediate increase in military compensation. We are not so naive as to believe the 3.4-percent increase contained in the amendment offered by U.S. Senators Armstrong and Matsunaga will cure all of these problems. But we do know that our active duty personnel have a perception that nothing is being done—or can be—to stop, much less reverse, this growing loss of purchasing power of their compensation. You must provide them with evidence that you recognize their plight and are willing to do something about it now.

With the current world crisis extending into the foreseeable future, we must maintain a defense posture second to none. We cannot countenance this loss of experienced, skilled personnel in our Armed Forces. Immediate action must be taken to assure American service personnel everywhere that they and their families will receive a standard of living equal to that which they are defending for all Americans. We believe the passage of the Warner-Nunn amendment to H.R. 5168 will be the first step in achieving this equity. We strongly endorse House passage of the full provisions of the amendment offered by U.S. Senators John W. Warner and Sam Nunn.

Mr. Chairman, I thank you and the members of this Committee for allowing me to appear in behalf of my Shipmates and their families.

WRITTEN STATEMENT OF MAX J. BEILKE, LEGISLATIVE COUNSEL, NATIONAL ASSOCIATION FOR UNIFORMED SERVICES

Mr. Chairman, and members of the subcommittee, I welcome the opportunity to present the views of the National Association for Uniformed Services to this distinguished panel.

The National Association for Uniformed Services (NAUS) is unique in that our membership represents all ranks of career and non-career service personnel and their wives and widows. Our membership includes active, retired, and reserve personnel of all seven uniformed services: Army, Navy, Air Force, Marines, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration. With such a membership, we are able to draw information from a broad base for our legislative activities.

The Nunn-Warner amendment to H.R. 5168 is a much needed step forward in the area of military compensation. The question that remains is whether it is sufficient and broad enough, or should it be incorporated with the Armstrong-Matsunaga amendment to increase base pay for all military personnel by 3.4 percent.

The crisis in the retention of personnel in the Armed Services has received considerable attention in recent months. There is no need to repeat any of these frightening statistics or stories at this time, for they are well known by this subcommittee.

The Nunn-Warner amendment addresses four provisions which the Department of Defense has in their budget. These are flight pay, sea pay, an expanded reenlistment bonus program, and increased reimbursement for permanent change of station (PCS) expenses. The additional emphasis the Nunn-Warner amendment places on these four factors is very important. These areas need to be addressed and the increases are appropriate, but individuals not in these categories do not benefit. There will be more people outside these areas than inside.

The Variable Housing Allowance (VHA) provision of the Nunn-Warner amendment is not in the Defense budget. However, once again an individual must be stationed in a high-cost-of-living area to receive this benefit. This means a service member must already be suffering severely to be eligible for this benefit. If the member is only suffering slightly, he would get no help.

Of all the provisions in the Nunn-Warner amendment, the 10-percent increase in Basic Allowance for Subsistence (BAS) will affect the greatest number of people. The question is, what does this increase equate to in dollars? For a Non-Commissioned Officer (NCO) grade E-6, with dependents and 8 years service, the increase is approximately \$110 annually. If this NCO is not on flight status, or at sea, or currently up for reenlistment, or on PCS orders, the Nunn-Warner amendment provides no other benefits. At a minimum, the Armstrong-Matsunaga amendment would mean an annual base pay increase of \$332. Federal income tax is paid on this increase, therefore the US Government recoups a small portion of this increase.

The Armstrong-Matsunaga amendment benefits every service member. The Nunn-Warner amendment benefits a select few.

In summary, the Nunn-Warner amendment is needed, but to be fully effective, it should be combined with the Armstrong-Matsunaga amendment. Neither one of these amendments, independently or together, will solve completely the retention or enlistment shortfalls; however it is a step in the right direction.

Mr. NICHOLS. Speaking as the chairman, I think we have had some very good testimony, very pertinent testimony, here today, and I would like to share a little visit I had with Chief of Naval Operations, Admiral Hayward. I don't believe I have ever seen a man in uniform more concerned with some of the problems that he faces in manpower than was evident in this visit. They are acute.

When you talk about your loss in pilots, General, it is very real. I feel Congress is certainly going to have to make some adjustments in this matter.

As I have stated before, we have a problem with the Budget Committee, and I would like to review the input that we will get on this matter from the Budget Committee.

Are there any statements any members of the subcommittee wish to make?

Admiral Baldwin.

Admiral BALDWIN. Mr. Chairman, there is one thing that didn't get addressed here. In Mr. Pirie's statement, he took the position, it seemed to me, of opposition to the variable housing allowance. It didn't come out in the questioning. I didn't want to leave people with the impression there was concurrence in that view by all the people sitting here at the table.

I, for one, do not agree. I think that is of primary importance in the package. I just wanted to be sure the record showed that.

Mr. NICHOLS. In that connection, I am going to ask, Mr. Secretary, that in line with what this committee may be forced to do, you give us some idea—you don't have to do it today—of the view of the Defense Department to the Nunn-Warner amendment.

[The following information was received for the record:]

VARIABLE HOUSING ALLOWANCE

The Department's views on the Nunn-Warner Amendment were spelled out in detail in my opening statement. In summary, there are some features of the Amendment which we strongly support and have included in our budget request. These include adjustments to the PCS travel reimbursement system, a restructuring of Navy sea pay at more meaningful levels, and authority for reenlistment bonuses in the 10 to 14 years of service window. Conversely, the increases in BAS across-the-board and the retroactive effect date of the amendment do not appear to us to be cost effective.

[The following questions were submitted to the witness to be answered for the record:]

Categorical Effects of Nunn-Warner Amendment

Chairman Nichols. Provide an assessment of the distribution by grade of the effect of the provisions of the Nunn-Warner Amendment related to increases in Flight Pay/ACIP; in BAS; and in mileage reimbursement.

In other words, what portion of the cost of each provision is allocated to enlisted versus officers and to junior personnel versus senior personnel. Similarly, what are the relative number of service members in each of these categories who would benefit from these provisions?

General Yerks. I believe that the following table best portrays the relative effects of provisions of the Nunn-Warner Amendment on categories of Army personnel:

DISTRIBUTION OF EFFECTS ^{1/}

	<u>OFFICERS</u>	<u>ENLISTED</u>	
		<u>Junior^{2/}</u>	<u>Senior^{3/}</u>
Flight Pay/ACIP	74.3/87.5	8.3/3.1	17.4/9.4
BAS	22.0/16.2	30.8/33.1	47.2/50.7
Mileage Reimbursement	10.4/11.8	59.5/58.7	30.1/29.5

^{1/} Entries depict percentage of those benefited/percentage of cost; e.g., BAS - 22% of amendment-provision recipients are officers, 16.2% of cost of provision goes to officers.

^{2/} E-4 and below.

^{3/} E-5 and above.

General Bronars: The following tables display estimated costs and average numbers of Marines expected to benefit from increases to Flight Pay/Aviation Career Incentive Pay and Basic Allowance for Subsistence. Junior officers have been defined as pay grade O-1 through O-3 while junior enlisted personnel have been defined as paygrade E-1 through E-3. Personnel estimates are based on fiscal year 1980 data contained in the fiscal year 1981 President's Budget.

Similar breakdowns for an increase in mileage reimbursement are not available. However, an increase in mileage reimbursement for the 9,469 scheduled officer permanent change of station moves would result in a \$1,992,000 increase. The 142,061 scheduled enlisted moves would result in a \$22,918,000 increase.

FLIGHT PAY/AVIATION CAREER INCENTIVE PAYIncreased Costs
(\$ in 000's)

	<u>Warrant Officers</u>	<u>Junior Marines</u>	<u>Senior Marines</u>	<u>General Officers</u>	<u>Total</u>
Officer	\$27	\$1,495	\$1,059	\$ 0	\$2,581
Enlisted	<u>N/A</u>	<u>74</u>	<u>361</u>	<u>N/A</u>	<u>435</u>
Total	\$27	\$1,569	\$1,420	\$ 0	\$3,016

Personnel

	<u>Warrant Officers</u>	<u>Junior Marines</u>	<u>Senior Marines</u>	<u>General Officers</u>	<u>Total</u>
Officer	72	3,099	1,505	0	4,676
Enlisted	<u>N/A</u>	<u>449</u>	<u>1,625</u>	<u>N/A</u>	<u>2,074</u>
Total	72	3,548	3,130	0	6,750

BASIC ALLOWANCE FOR SUBSISTENCEIncreased Costs
(\$ in 000's)

	<u>Warrant Officers</u>	<u>Junior Marines</u>	<u>Senior Marines</u>	<u>General Officers</u>	<u>Total</u>
Officer	\$ 102	\$ 952	\$ 495	\$ 5	\$ 1,554
Enlisted	<u>N/A</u>	<u>2,548</u>	<u>6,666</u>	<u>N/A</u>	<u>9,214</u>
Total	\$ 102	\$3,500	\$7,161	\$ 5	\$10,768

Personnel

	<u>Warrant Officers</u>	<u>Junior Marines</u>	<u>Senior Marines</u>	<u>General Officers</u>	<u>Total</u>
Officer	1,271	11,811	4,895	66	18,043
Enlisted	<u>N/A</u>	<u>21,664</u>	<u>56,036</u>	<u>N/A</u>	<u>77,700</u>
Total	1,271	33,475	60,931	66	95,743

Gen Issue: The requested information follows:

a. Portion of the cost allocated to enlisted versus officer

	<u>Enlisted</u>	<u>Officer</u>
Flight Pay/ACIP	11%	89%
BAS	84%	16%
Mileage reimbursement	86%	14%

b. Portion of the cost allocated to junior versus senior personnel

	<u>Enlisted</u>		<u>Officer</u>	
	<u>Under 4</u>	<u>Over 4</u>	<u>Under 4</u>	<u>Over 4</u>
Flight Pay/ACIP	15%	85%	18%	82%
BAS	35%	65%	24%	76%
Mileage reimbursement	49%	51%	26%	74%

c. Number of enlisted versus officer personnel affected

	<u>Enlisted</u>	<u>Officer</u>
Flight Pay/ACIP	9,800	33,000
BAS	324,100	96,200
Mileage reimbursement	277,200	45,900

d. Number of junior versus senior personnel affected

	<u>Enlisted</u>		<u>Officer</u>	
	<u>Under 4</u>	<u>Over 4</u>	<u>Under 4</u>	<u>Over 4</u>
Flight Pay/ACIP	1,500	8,300	5,900	27,100
BAS	113,400	210,700	15,400	80,800
Mileage reimbursement	135,800	141,400	11,900	34,000

Admiral Baldwin: The following chart depicts the distribution of the effects of the increases in Flight Pay/ACIP, BAS, and mileage reimbursement provisions of the Nunn-Warner Amendment. The data represents annual costs.

	(\$ in millions)		
	<u>Flight Pay/ACIP</u>	<u>BAS</u>	<u>Mileage</u>
Senior Officers (O-5 - O-10)	1.712	.937	.701
Junior Officers (W-1 - O-4)	<u>7.388</u>	<u>4.098</u>	<u>4.225</u>
Officer Total	9.100	5.035	4.926
Senior Enlisted (E-5 - E-9)	1.478	15.331	7.901
Junior Enlisted (E-1 - E-4)	<u>.453</u>	<u>10.323</u>	<u>32.238</u>
Enlisted Total	1.931	25.654	40.139
Grand Total	11.031	30.689	45.065

On a relative basis, the Flight Pay/ACIP provision would affect almost five times as many junior officers as senior officers and would affect about twice as many senior as junior enlisted.

The BAS provision would affect officers in about the same relative numbers as Flight Pay/ACIP. Since there are more senior enlisted personnel assigned to duty wherein BAS could be paid, one half more senior enlisted personnel than junior enlisted personnel would be affected. Since the officer BAS rate is constant for all officers and since enlisted BAS rates are independent of paygrade, all officers would receive the same increase and all enlisted receiving a given level of BAS would receive the same increase.

Mileage reimbursement is paid independently of paygrade or rank. Every Navy member using a private vehicle on a permanent change of station (PCS) move would benefit. Since there are more junior officer travel miles than senior officer travel miles the same 5 to 1 ratio for Flight Pay/ACIP and BAS would apply to officers. There are significantly more junior enlisted than senior enlisted PCS moves since almost all enlisted accessions are in the junior enlisted group. Thus about four times as many junior enlisted travel miles as senior enlisted travel miles would be affected.

Variable Housing Allowance

Mr. Aspin: Under the conditions of the amendment, list the areas of the Nation that will be eligible for VHA and indicate the amount of entitlement in each area.

Answer: We do not have a complete listing, at present, of all locations which would be eligible for a VHA. At the attachment is a listing of the BAQ indices (average housing cost/average BAQ) of the military installations covered by the 1977, 1978, and 1979 Naval Facilities Engineering Command (NAVFAC) surveys of housing costs of military personnel. These three surveys covered over 200 installations in the Continental United States (CONUS) comprising about 95 percent of the military force. Under the provisions of the Nunn/Warner amendment, all locations with a BAQ index greater than 1.15 would be potentially eligible for a VHA.

TABLE 1. DOD

LOCATIONS ORDERED BY TOTAL COSTS

YR	BR NO	NAME	RANK	BAQ INDEX	AVE COST	AVE BAQ
77	N 05	WARRINGSTER, MADCO, PA	1	1,703	634	321
77	N 60	NORTH PHILADELPHIA ASD, PA	2	1,739	664	317
79	A 41	PRESIDIO, CA	3	1,602	557	260
79	A 96	WASHINGTON, DC	4	1,674	623	299
77	N 96	WILLOW GROVE, MAS, PA	5	1,608	530	268
77	N 39	HILLOP GROVE, MAS, PA	6	1,638	507	244
79	AF 58	NELLIS AFB, NV	7	1,658	605	294
79	A 48	WASHINGTON, DC	8	1,650	623	302
79	AF 42	AMMELLES AFB, CA	9	1,650	521	253
79	N 43	WHEELER AFB, WA	10	1,650	521	253
79	N 48	HUNTERFOLDS/ST PAUL, NC, MN	11	1,650	521	253
77	N 44	MECHANICSBURG MSPCC, PA	12	1,594	591	290
79	A 4	FT BELVOIR, VA	13	1,528	483	248
79	AF 6	DOLLING AFB, DC	14	1,578	571	291
79	AF 47	HRCH AFB, CA	15	1,554	462	238
79	A 30	FT SHERIDAN, IL	20	1,346	480	249
79	AF 45	LOURY AFB, CA	17	1,520	456	232
79	MC 2	MCAS, EL TORO, CA	16	1,554	438	237
79	A 3	FITZSIMMONS AMC, CO	18	1,554	438	237
79	AF 47	HRCH AFB, CA	15	1,554	462	238
79	A 30	FT SHERIDAN, IL	20	1,346	480	249
79	A 3	FITZSIMMONS AMC, CO	18	1,554	438	237
79	N 8	BANGOR NC HHS, VA	22	1,530	505	260
77	N 57	NEW YORK NC, NY	23	1,530	458	241
79	AF 44	LUKE AFB, AZ	24	1,530	446	234
79	A 47	REIGSTON AFB, TX	25	1,521	464	244
79	AF 35	KIRTLAND AFB, NM	26	1,513	460	233
79	N 39	LAKENURST NAEC, NJ	26	1,505	454	245
79	N 5	BANGOR, NC NAVYBASE, VA	23	1,405	456	242
78	AF 70	SCOTT AFB, IL	30	1,489	503	272
79	AF 58	LANGLEY AFB, VA	31	1,481	428	231
79	A 31	FT ORD, CA	33	1,461	423	225
79	MC 7	MC QUANTICO, VA	34	1,481	459	270
79	N 77	SEATTLE NSA, WA	35	1,473	441	240
79	N 62	PAWSON, MD, CT	36	1,473	420	228
78	AF 60	OFFUTT AFB, NE	37	1,465	402	234
79	N 6	BANGOR NC HHS, VA	39	1,465	576	315
79	AF 19	ELLSWORTH AFB, SD	40	1,457	394	216
79	AF 31	HOJANMOLLS, IN	41	1,457	427	230
79	AF 78	VANDENBERG AFB, CA	42	1,487	466	257
79	MC 4	MCB CNRP PENDELTON, CA	44	1,414	472	265
79	AF 62	ENSE AFB, HI	45	1,441	450	274
79	AF 62	ENSE AFB, HI	46	1,441	411	228
79	N 71	PORTLAND HARBOR, OR	47	1,433	481	270
79	N 71	PORTLAND HARBOR, OR	48	1,433	300	218

AC

Ranking is based on BAQ Index for total (officers & enlisted) personnel and for the total (renters & owners) of all housing types.

BAQ index = 0.805 $\frac{\text{avg cost}}{\text{avg BAQ}}$

where 0.805 is factor used to make combined renter & owner housing costs representative of renter costs. The 0.805 factor is the DOD average combined renter and owner BAQ index (1.36) divided by the DOD average renter BAQ index (1.69). Average cost is the average cost for housing based on NAVFAC survey data inflated to the early 1979 time period where necessary (if year of latest data is 77 or 78) and average BAQ is the average BAQ (inflated if latest housing cost data was 77 or 78) received by the people responding to the NAVFAC cost survey.

Ranking is based on BAQ index for total (officers & enlisted) personnel and for the total (renters & owners) of all housing types.

$$\text{BAQ Index} = \frac{\text{AVR COST}}{\text{AVG BAQ}}$$

where 0.805 is factor used to make combined renter & owner housing costs representative of renter costs. The 0.805 factor is the DOD average combined renter and owner BAQ index (1.36) divided by the DOD average renter BAQ index (1.65). Average cost is the average cost for housing based on NAVFAC survey data inflated to the early 1979 time period where necessary (if year of latest data is 77 or 78) and average BAQ is the average BAQ (inflated if latest housing cost data was 77 or 78) received by the people responding to the NAVFAC cost survey.

SERVICELINE - DOD		LOCATIONS ORDERED BY TOTAL COSTS				
YR	BR NO	NAME	RANK	BAQ INDEX	AVE COST	AVE BAQ
78	A	13 FT DRUM, NY	183	1.135	306	212
77	N	9 BEAUFORT NAVHOSP, SC	185	1.127	304	205
77	A	16 FT GORDON, GA	195	1.127	304	205
79	A	33 FT RILEY, KS	190	1.127	304	216
78	AE	5 BLTREVILLE, AEB, AR	187	1.127	277	198
77	A	16 FT HUNTING, GA	198	1.119	304	219
77	A	16 FT HUNTING, GA	200	1.119	316	220
79	MC	6 HCB TWENTY-NINE PALMS, CA	201	1.119	266	203
79	A	43 SENECA ARMY DEPOT, NY	202	1.103	272	198
79	N	80 SOUTH MEYBROOK NC, MA	203	1.103	329	240
79	N	80 SOUTH MEYBROOK NC, MA	204	1.103	284	207
79	N	64 PACIFIC BEACH, NC	206	1.071	302	227
79	A	32 FT POLK, LA	206	1.071	302	227
79	N	27 EAST MACHIAS NCU CUTLER, M	207	1.063	239	194
77	N	28 EL CENTRO HAF, CA	208	1.063	272	206
77	N	28 EL CENTRO HAF, CA	208	1.063	272	206
77	N	17 CHESTNUT AFB, VA	208	1.055	266	218
77	N	35 HINDIAN HEAD NOS, MD	210	1.055	270	206
77	A	35 FT RUCKER, AL	212	1.006	272	217
77	N	24 LEONARD WOOD, MD	213	0.802	263	221
77	N	24 LEONARD WOOD, MD	214	0.802	218	195
77	N	24 LEONARD WOOD, MD	215	0.894	217	195
79	A	43 WHITE SANDS HSL, RG, NM	218	0.741	289	312

Variable Housing Allowance

Mr. Aspin: What will be the basis of the information regarding housing costs in a specific area? How and how often will the information be updated?

Answer: If the VHA were implemented right now, the basis of the housing costs information would be the Naval Facilities Engineering Command (NAVFAC) survey. This is an annual survey taken of the rental and homeownership costs of a sample of military personnel at selected military installations world-wide. The 1977, 1978 and 1979 NAVFAC surveys, which would be the basis of current VHA implementation, covered approximately 95 percent of military personnel residing in civilian communities in CONUS. The remaining 5 percent would be accounted for through extrapolation of the NAVFAC data or through a supplementary source, such as the HUD/CENSUS Housing Survey. Ultimately, the basis of the housing cost information would be a survey designed specifically for the VHA covering all military personnel in CONUS residing on the economy. Under normal conditions, this survey would be updated annually.

Mr. Aspin: Particularly in very high cost areas, would it not be more cost effective in the long run to construct or lease more government housing?

Answer: We have not performed a detailed cost effectiveness analysis of the VHA versus construction and leasing of government housing. The decision to construct military housing is based on availability of housing for personnel as well as the cost of housing in the civilian community. We will continue to have a requirement to construct military housing for military personnel even with VHA simply because adequate housing in the civilian community does not exist at any cost in some areas. From strictly cost considerations, however, we believe it would be more cost effective to pay VHA rather than construct military housing if adequate housing units are available in the civilian community. For example, the \$360 million cost of a full VHA system would provide construction of only about 7,000 units assuming a modest construction cost of \$50,000 per unit. In contrast, the VHA would directly benefit over 500,000 military personnel.

Mr. Aspin: Describe in detail how the VHA would be implemented (e.g., average over officer grades/enlisted grades, average by grade, etc.) and discuss the individual effect of this method of implementation on servicemembers in the junior grades vis-a-vis those in the more senior grades.

Answer: At present, we plan to establish one overall index for each location which would be applicable to all grades. For example, if an index of 1.20 were established for a particular location, each member drawing BAQ would receive a VHA equal to 20 percent of the BAQ applicable to his grade and dependency status. The effect of this method is that members in the junior grades would receive the same percentage VHA as those in the more senior grades though the dollar amount of the VHA would be less.

Variable Housing Allowance

Mr. Aspin: Assuming no change in the current distribution of those living in government quarters and those not, specify, by grade, the number of servicemembers affected. Further, what impact on the above distribution would you expect as a result of implementation of VHA?

Answer: The estimate of the number of personnel, by grade, who would receive a VHA, assuming payment in all areas in which average housing costs exceed average BAQ by 15%, is as follows:

<u>Grade</u>	<u>Number</u>
0-10	1
0-9	13
0-8	120
0-7	217
0-6	7,398
0-5	19,599
0-4	27,170
0-3	44,824
0-2	13,920
0-1	10,875
W-4	1,072
W-3	1,417
W-2	2,559
W-1	850
E-9	6,274
E-8	13,723
E-7	45,272
E-6	73,454
E-5	99,422
E-4	101,516
E-3	65,683
E-2	15,579
E-1	7,132
Total	558,094

Barring any changes in housing assignment policies or major changes in force size, we would not expect the above distribution to be materially affected by payment of a VHA, at least in the short run.

Mr. Aspin: Will you request funds for full implementation of VHA?

Answer: If legislation is passed authorizing payment of a VHA, the level of funding for it will be formulated annually in the budget process. Therefore, at this point, the amount of funds we will request for VHA has not been determined.

Military Compensation Initiatives

Chairman Nichols. Please list in order of priority your personal assessment of the seven elements of the Nunn/Warner Amendment beginning with those you believe are the most urgent from your service's perspective. Indicate three or four other changes to the compensation system that, in your opinion, you would consider to be the most helpful in solving current manpower problems in your service. Include a DOD-wide cost estimate for each change.

General Yerks. It is my personal assessment that the need for the Nunn/Warner Amendment in its entirety is based on sound and substantiated requirements. Prioritization of the various provisions is extremely difficult. However, the Variable Housing Allowance is the Army's first priority and increased permanent change of station mileage reimbursement is second. Neither of these provisions increase compensation for service members. Rather, they merely reimburse soldiers for direct expenses incurred in compliance with military orders. At present, soldiers are forced to use their military basic pay to cover additional costs of housing and travel rather than receiving reimbursement at an acceptable level. The remaining provisions address specific and general manpower retention and accession problems. From an Army perspective, as well as a total defense overview, prioritization would be as follows: increased flight pay and aviation career incentive pay; increased sea pay; increased pay rates for officers with prior warrant officer service; extension of reenlistment bonus eligibility; and a 10 percent increase in the basic allowance for subsistence.

In regard to additional changes to the compensation system, there exists a need for increased basic pay in order to regain comparability of the military with the private sector. A compensation analysis concluded in September 1979 by the Office of the Secretary of Defense clearly identified that military real income has fallen behind comparable civilian sector pay since 1972 by 7 to 20 percent, depending on the benchmark used. Military pay was capped in fiscal year 1980 with a 7 percent raise and not allowed to meet the 10.4 percent level recommended by the President's pay agent. The fiscal year 1980 pay cap is more significant when compared to the consumer price index increase of 13.3 percent experienced in calendar year 1979. Thus far, the calendar year 1980 rate of inflation exceeds that experienced in calendar year 1979 while military pay increases to be effective in October 1980 are programed to be only 7.4 percent. If pay caps continue to be imposed on military pay and inflation continues at levels exceeding military pay increases, military manpower retention and accession will be adversely affected. Every full percentage point of an across-the-board pay raise, based on current pay rates, would cost approximately \$230 million for the Department of Defense.

Another change which would be helpful is increased permanent change of station reimbursement. Present reimbursement is linked to only the distance moved or mileage performed. This merely covers the cost of operation of a vehicle but does not nearly reimburse a soldier for additional food and lodging expenses

Military Compensation Initiatives

incurred in movement, since they are not direct functions of mileage traveled. The President's Fiscal Year 1981 budget includes a provision for authorization of payment of a daily per diem rate while a service member is in a permanent change of station travel status. The cost of such a provision is \$123million DOD-wide.

Other compensation issues that would have a favorable impact on manpower retention are: cost of living allowances for soldiers residing in overseas barracks (DOD cost \$45.1 million); optional barracks residency for our senior noncommissioned officers (E7 and above), warrant officers, and officers (DOD cost \$34.3 million); and increased travel allowance reimbursement to pay actual cost of permanent change of station movement of a service member's mobile home (DOD cost \$8.0 million).

NUNN-WARNER AMENDMENT

Chairman Nichols: Please list in order of priority the seven elements of the Nunn-Warner Amendment beginning with those you believe are most urgent from your service's perspective.

Admiral Baldwin: I appreciate the opportunity to express my personal views on the merits of the Nunn-Warner Amendment. I support all the elements of the amendment. The Variable Housing Allowance and the PCS mileage increase are especially important since they help to defray costs imposed upon military personnel by military orders. There is a simple question of equity involved. More important is the fact that military personnel are being financially burdened by having to foot this cost of doing business. Next in importance is accelerated and increased sea pay; this measure is required in order to recognize, in a tangible way, the unique and arduous nature of sea duty. The ACIP and Zone "C" provisions are important in that they are directed at areas of critical shortages within the services that must be healed in order to ensure continued readiness. I place the subsistence increase and the warrant officer adjustment lower on my list, but in no way does this infer that I believe they should be dropped from the bill. Subsistence is the one item that at one time or another applies to all service members and could therefore be viewed as a signal that the Congress is serious about their welfare. In sum, my priority list of the Nunn-Warner elements is as follows:

1. Variable Housing Allowance
2. PCS Mileage Increase
3. Sea Pay Increase
4. ACIP
5. Zone "C" SRB
6. Subsistence Increase
7. Warrant Officer Save Pay

MILITARY COMPENSATION

Chairman Nichols: Indicate three or four other changes to the compensation system that you would consider the most helpful in solving current manpower problems in your service. Include a DoD-wide cost estimate for each change.

Admiral Baldwin: Again, I am grateful for the opportunity to express to the Subcommittee my personal views on this subject. Correction of compensation inadequacies is the only way to solve our critical retention problem and to arrest the exodus of talent that is having an immediate effect on the readiness of the Navy. Therefore, we need to implement changes that can be effected quickly and which will indicate to our personnel that the Congress and the American people are aware of the sacrifices being made by the men and women in the Navy today.

The first change that is necessary is a pay raise of sufficient magnitude (about 20%) to return military pay to the competitive levels established in 1972. Such a pay raise would cost about \$5 billion. A recently-completed OSD study on the adequacy of military compensation concluded that current military pay is inadequate. Most significant with respect to pay levels is the severe decline in purchasing power relative to the Consumer Price Index (CPI) compared with most American wage earners. Of equal importance is the fact that military real income has declined from 7% to 20% behind private sector wages.

The OSD Pay Study also recommended a restructuring of the travel reimbursement system. Although the Nunn-Warner Amendment acknowledges the inadequacies of PCS mileage reimbursement, it does not address the issue of authorizing per diem for military members and their dependents while traveling on PCS orders. The OSD Pay Study recommended payments of \$45 per day for the member and \$15 per day for each dependent. Per diem payments of this nature would cost approximately \$55 million annually for the Department of Defense. A related issue is a temporary lodging expense allowance, which would reimburse military personnel for costs associated with the periods immediately before and after the move itself. The annual cost for a temporary lodging allowance would be about \$123 million for each four-day period authorized.

The Nunn-Warner Amendment includes a provision that would increase the rates of Aviation Career Incentive Pay (ACIP) and enlisted flight pay by 25%. It is recommended that the increase be set at 50% instead of 25%. Joint service analyses and retention/pay elasticity studies suggest that a minimum increase of 50% is needed to significantly stem current and projected aviation officer losses. In addition, the Center for Naval Analysis has opined that even with a 50% increase in ACIP, Navy will need bonus authority to overcome severe aviation officer shortages forecast for the 1980's. The cost of raising the ACIP/enlisted flight pay increase from 25% to 50% would be approximately \$48 million per year.

COMPENSATION

Question: Please list in order of priority the seven elements of the Nunn/Warner Amendment beginning with those you personally believe are most urgent from your service's perspective.

General Bronars: In order of priority, beginning with the most important from the Marine Corps' perspective, I submit:

1. Variable Housing Allowance - The rapid and unpredictable rise in housing costs today coupled with the military necessity of a permanent change of station every three to four years creates a necessary requirement for a variable housing allowance to cover the average housing cost above the current basic allowance for quarters. Military members, at a minimum, should be equitably compensated for the cost of their housing which is directly proportionate to the geographic area in which they serve.

2. Subsistence Allowance increase of 10 percent - Currently the cost of food in a government dining facility is \$3.50 per day compared to the \$3.21 per day which the government reimburses the member. The government's obligation, and therefore a cost of doing business, is to feed each member. As indicated, this is not the case and the gap widens as food costs rise. Out of pocket cost to a member is currently \$.29 per day or \$2.03 per week. Members must be compensated at the level of daily food costs.

3. PCS mileage increase to 18.5 cents per mile - Increased travel reimbursement is extremely important in view of the escalating cost of fuel, particularly in view of projected price increases this spring and summer. Once again, we find military members subsidizing a government cost of doing business since their permanent change of station is a military necessity. It should be understood, however, that this proposal will not fully compensate the member for all of the expenses created by the move. Further action in this area is required.

4. ACIP Increase of 25 percent - This increase is an important step in stemming current and projected aviation losses, however, it must be noted that it is not enough. The Marine Corps will be 13% or 512 individuals below authorization by the end of Fiscal Year 1982. Aviation pay was set in 1955 at an amount that represented about 44% of basic pay. Today the amount represents about 16% of basic pay. The Marine Corps supports legislation that would provide a 50% increase plus authority to pay a bonus of up to four months basic pay for each additional year of obligated service between the sixth and eighteenth year of service.

5. SRB (Zone "C") - The "Zone C" reenlistment Bonus is the primary tool, beyond a major increase in regular military compensation, which can be utilized to attack third term retention problems. The marginal cost of each additional reenlistment compares favorably considering the reduction in accession and training costs of recruits in addition to maintaining the experience level in critical areas.

6. Sea Pay increase to FY82 rates plus 15 percent. Today sea pay rates are about 4% of basic pay compared to 1949 when sea pay rates were about 10% of basic pay. The arduous nature of sea duty and its impact on the 1100 Marines who serve deserves equitable compensation. Recent studies of the compensation of seafarers around the world indicate that they universally earn 130% to 200% more than their counterparts ashore.

7. Warrant Officers Save Pay

In summary, each proposal is important and addresses critical deficiencies in military compensation. It is not the intent of the prioritization to decrease the significance of the total package

Question: Indicate three or four other changes to the compensation system that you would personally consider the most helpful in solving current manpower problems in your service. Include a DoD wide cost estimate for each change.

General Bronars: The three changes to the compensation system that would be most helpful in solving the current manpower problems which include attracting and retaining quality personnel in the Marine Corps would be to:

1. Raise pay to levels which are considered competitive with the Private Sector in order to maintain the credibility of the All-Volunteer Force. Pay has not been comparable since 1972 and the gap has widened each year. We are not competitive today as evinced by our recruiting shortfalls, and by our inadequate retention levels which compound the recruiting problem and severely weaken the career force. Increases in the Consumer Price Index, coupled with pay caps and re-allocations and restructuring of the Civil Service pay line, have caused regular military compensation to erode in purchasing power by 16.5 percent since March 1972. In order to return to the competitive pay levels of 1972 a 19.8 percent raise of regular military compensation would be required just to regain purchasing power. An acceptable approach would be to schedule this raise at 6.6 percent per year over three years at a cost of \$1.703 billion per year.

2. Establish equitable travel expense reimbursement to adequately compensate our members for the frequent moves required because of their military occupation. The recent OSD study on military compensation indicates that in addition to the provision in the Nunn/Warner Amendment which provides 18.5 cents a mile for

the member, a per diem of \$45 a day for each member and \$15 a day for each dependent is required to totally reimburse military families. The cost of the total package would be \$225 million per year and is a cost of doing business for the government.

3. Establish a temporary lodging expense (TLE) for pre and post move purposes, with a twenty day limit at the per diem rates previously mentioned for members and their dependents. The purpose is to compensate members for the living expenses involved in breaking down a household at the old duty station and establishing a household at the new duty station. Once again this is an equitable approach to reimburse the member for costs incurred as a result of orders. If full implementation is too costly, an alternative would be to schedule over a five year period at four days per year. This approach would cost \$123 million the first year.

Question 1: Please list in order of priority the seven elements of the Nunn/Warner Amendment beginning with those you believe are most urgent from your Service's perspective.

Response: The Air Force's order of priority would be as follows:

Flight Pay Increase

Variable Housing Allowance

Permanent Change of Station Reimbursement
Enhancement

Selective Reenlistment Bonus (Zone C)
Eligibility

Basic Allowance for Subsistence

Save Pay Provisions for Warrant Officers and
Enlisted Members

(The proposed Sea Pay increase is not germane to the Air Force and is therefore not included in our order of priorities.)

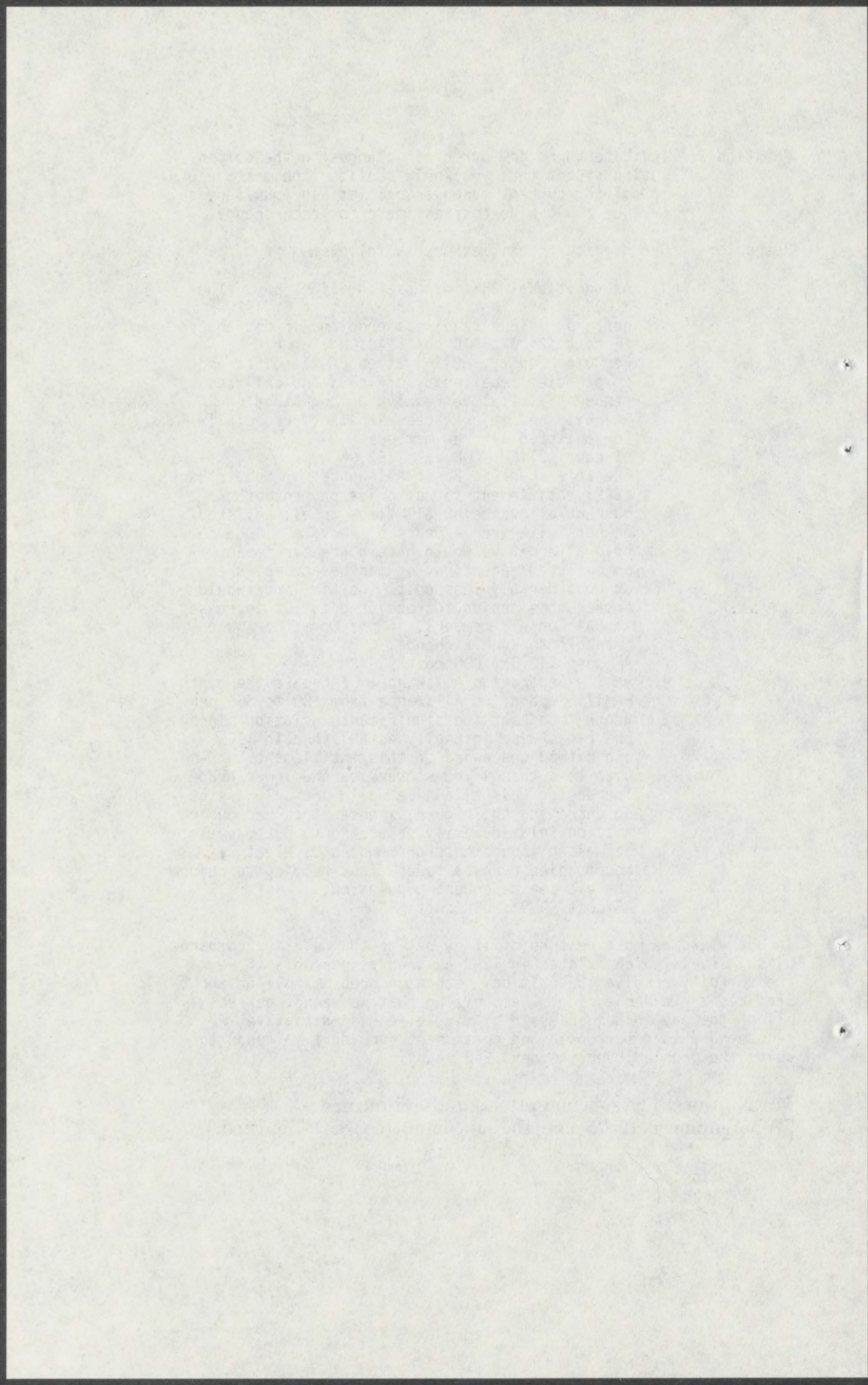
Question 2: Indicate three or four other changes to the compensation system that you would consider the most helpful in solving current manpower problems in your Service. Include a DOD-wide cost estimate for each change.

Response: Our highest priorities are as follows:

1. An additional 25% increase in flight pay. The 3,000 pilots that Air Force lost in FY 1979 portend serious readiness problems if not abated. AF cost \$24.0M; DOD cost \$48.0M
2. Per Diem Equity. Elimination of the difference in per diem received by officers and enlisted members is vital to resolve a long-standing inequity and major career irritant, especially for enlisted aircrew members. AF cost \$21.0M; DOD cost \$67.0M
3. Create a specific Basic Allowance for Subsistence (BAS) entitlement to authorize payment of the current allowance at all times to all enlisted members with over 4 years of service. Because this alternative would have a greater impact on enlisted retention and can be accomplished at considerably less cost, the Air Force would prefer this option to receipt of a 10% increase in BAS for all members, if the Committee were amenable to such a change. AF cost \$12.0M; DOD cost \$56.0M
4. Family Separation Allowance. Increase the monthly Family Separation Allowance from \$30 to \$65 per month to offset the significant inflation since the rates were initially established in 1963 and extend the award of this entitlement to E-4 with less than 4 years' service and lower grades. Increasing this allowance would not only assist in defraying the higher expenses incurred during mission related family separations, but may also act as an inducement for members to elect unaccompanied overseas tours, thus helping to reduce the overseas dependent population. AF cost \$9.9M; DOD cost \$58.5M

In our view, we must restore military pay to the relative comparability levels which existed in 1972 as soon as possible if we are to fully resolve the critical retention problems all of the Services are experiencing. Recognizing that we cannot correct all of the pay inadequacies in a single year's initiative, we recommend a long term plan and commitment for additive funds to solve the problem over the next 2-3 years.

Mr. NICHOLS. The subcommittee stands adjourned.
[Whereupon, at 12:05 p.m., the subcommittee was adjourned.]



**FAIR BENEFITS PACKAGE FOR MEMBERS OF THE
UNIFORMED SERVICES**

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
MILITARY COMPENSATION SUBCOMMITTEE,
Washington, D.C., Wednesday, June 4, 1980.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 2216, Rayburn House Office Building, Hon. Bill Nichols (chairman of the subcommittee) presiding.

Mr. NICHOLS. The subcommittee will come to order.

The purpose of the hearing today is to consider the so-called fair benefits package proposed by the President when he visited the U.S.S. *Nimitz* on Memorial Day. This proposal is, perhaps, best characterized as a followup to the Nunn-Warner amendment.

We have seen many of the elements of the proposal before: family separation allowance for junior enlisted personnel; increased trailer allowances; additional quarters allowance for naval personnel; and increased enlistment and reenlistment bonus authority.

Several other proposals are also included: optional basic allowance for quarters for single E-7's and above; a continuation bonus for pilots; and an increase in the TDY reimbursement. Two other items—a bonus for reenlistment in the Individual Ready Reserve and a dental CHAMPUS program for dependents of active duty military—fall in the jurisdiction of the Military Personnel Subcommittee.

Although I am pleased that the President has suggested these additional steps, as well as support for the Nunn-Warner amendment, I am extremely disappointed that he apparently has not decided to request additional funds for these needed improvements. Implicit in this decision is the assumption that funds will have to be reprogrammed from other areas—operations and maintenance, or procurement, or research and development, or from someplace else in the military personnel accounts.

Our witness today, is Hon. Robert B. Pirie, Jr., Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics. Hopefully, Mr. Secretary, you will be able to shed some light on the rationale for the individual elements of the proposal, and to discuss where the money to fund these proposals will come from. If the administration will not submit a supplemental request, I would hope that you can tell us what effect reprogramming actions will have on readiness of the military in 1980 and beyond.

So with that brief opening statement, we will hear from Secretary Robert Pirie. And I believe you have as a backup witness, General Tice.

Mr. PIRIE. Yes, sir, my Deputy for Military Personnel Policy, Maj. Gen. Dean Tice.

Mr. NICHOLS. Are you going to speak from your statement?

Mr. PIRIE. Yes; if I may.

Mr. NICHOLS. You may proceed.

STATEMENT OF HON. ROBERT B. PIRIE, JR., ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER, RESERVE AFFAIRS AND LOGISTICS, DEPARTMENT OF DEFENSE

Mr. PIRIE. I am pleased to appear before the subcommittee today to discuss the military compensation initiatives recently announced by the President and to answer any questions you may have regarding that proposal.

The President's fair benefits program represents the culmination of an extended process in which the President, the Secretary of Defense, the Joint Chiefs of Staff, and several key congressional actors, including yourself, have played active and constructive roles. The need for some form of action was flagged last year at the President's spring review of the fiscal year 1981 budget. Work has since continued, resulting a few weeks ago in the President's decision to proceed with, or to reemphasize, a group of pay and benefit proposals that have emerged as most pressing in need. This group is composed of three parts. First, it endorses, with minor changes, all of the provisions of the Nunn-Warner amendment. Second, it includes legislation to provide for a dental care program for dependents of active duty personnel. Third, it recommends nine other bills aimed at correcting inequities in the compensation system and increasing economic incentives to enter and remain in military service.

Members of this committee are, I know, familiar with the provisions of the Nunn-Warner amendment so I will merely summarize them here. There are seven separate but related provisions. They are a technical adjustment to the pay tables to benefit warrant officers, a 25-percent increase in flight pay, a 10-percent increase in basic allowance for subsistence rates, a 15-percent increase in, and immediate implementation of, sea pay rates now scheduled to go into effect on October 1, 1981, authority to pay reenlistment bonuses between 10 and 14 years of service, increase in PCS travel reimbursements, and creation of a variable housing allowance in the continental United States. I would like to emphasize that we support the main features of Nunn-Warner and consider them central to attracting and retaining adequate numbers of personnel. The only changes the administration recommends in Nunn-Warner are to make the effective date prospective rather than retroactive, and to make some technical changes to the language of the station housing allowance provision.

However, passage of the Nunn-Warner amendment does not eliminate the need to take other compensation initiatives. We must offer a level of compensation, to include benefits and reimbursement items, that maintains morale and enables us to be competitive.

At present, there are real weaknesses—both inequities and inefficiencies—in our compensation system, and these take their toll. Enlistment and reenlistment bonus levels that were adequate at the time they were set are now losing their attractiveness in the face

of double-digit inflation. A military health care system that at one time was superior to those found in much of the civilian sector now suffers from many deficiencies. Travel, food, and housing allowances are plainly inadequate to achieve their stated ends.

While we applaud and support the action Congress is taking through the Nunn-Warner amendment, more must be done to get the situation right. The fair benefits program announced by the President corrects indefensible inequities, provides fairer reimbursement for legitimate expenses resulting from duty requirements, and provides additional economic incentives for personnel in certain critical skill areas. Specifically, I urge passage of the following 10 legislative items, all of which have been submitted to Congress or will be this week.

One, extend the payment of a family separation allowance to enlisted personnel in grades E-1 to E-4 with 4 years or less service. This allowance in the amount of \$30 per month, currently available to all military personnel except these junior enlisted members, is authorized when a military member is separated from his dependents for more than 30 days because of duty requirements. We believe in the interest of equity that this allowance should be extended to those members least able to meet the incidental expenses incurred because of family separation.

Two, increase the reimbursement paid to military personnel when a change in duty assignment requires them to move a mobile home or trailer. The law currently limits the reimbursement to 74 cents a mile. In February of 1979, when we originally submitted this legislation to Congress, we estimated that on average the expenses incurred in moving mobile homes were \$415 greater than the amount reimbursed. We believe it is unfair that military personnel should have to bear this expense. The proposed legislation would permit payment of a dislocation allowance, and remove the current 74 cents limitation. It would provide that the reimbursement may not exceed the cost of transporting the baggage and household effects of the member or dependents.

Three, authorize reimbursement of Navy personnel for expenses of quarters obtained when berthing facilities aboard ship are made uninhabitable because of repairs or other conditions. When ships are undergoing overhaul or repair in government or commercial shipyards, very often berthing facilities aboard ship become uninhabitable for extensive periods because of the nature of repairs or renovations, and it becomes necessary to berth the crew elsewhere. Situations arise where unmarried members, and married members at locations at which they cannot reside with their dependents, have to find lodging on their own initiative and at their own expense. This legislation would provide reimbursement for expenses incurred in obtaining quarters whenever repairs or other conditions make the shipboard quarters uninhabitable for a member on sea duty. It would exclude from entitlement any member who is receiving basic allowance for quarters on account of dependents and who is deprived of quarters aboard ship at a location at which the member can reside with those dependents.

Four, extend to military personnel above pay grade E-6 who are without dependents the option to receive basic allowance for quarters in lieu of assignment to military quarters. Currently, only personnel in

pay grades O-4 and above have that option. We believe that it is unjustified to compel senior noncommissioned officers, warrant officers, and commissioned officers to reside in Government quarters. We are talking about skilled specialists and technicians, who are often supervisors, and we believe we should recognize their status by allowing them to exercise their own choice on where and in what manner they live.

Five, provide the Secretary of Defense with discretionary authority to offer a special continuation pay of up to 4 months' basic pay to certain rated commissioned and warrant officer pilots who extend on active duty beyond their initial periods of obligated service. We believe that this contingency authority, in addition to the 25-percent increase in aviation career incentive pay currently in the Nunn-Warner amendment, is necessary to meet the serious retention problems that are currently being experienced by the Air Force and the Navy. Continuation pay authority would offer a strong incentive at key decision points and would increase our flexibility to respond to changes in the economic environment.

Six, increase the maximum rate of per-diem allowance for military members from \$35 to \$50 and increase from \$50 to \$75 the maximum reimbursement allowed when travel expenses exceed the maximum rate of per-diem allowance. The current maximum rates were established in June 1976. As a result of inflation they are now simply inadequate to compensate for the increased costs of meals and lodging incident to official travel. The maximums in this legislation parallel those contained in a General Service Administration legislative proposal applicable to government civilians.

Seven, increase the maximum enlistment bonus amount from \$3,000 to \$5,000 and make permanent the authority to award the bonus. The increase in the maximum bonus amount is needed to offset the gradual erosion in the incentive value of the bonus which is being caused by persistent economic inflation.

Eight, increase the maximum reenlistment bonus amount from \$15,000 to \$20,000 and make permanent the authority to award the bonus. As with the increase in the enlistment bonus maximum, this increase is made necessary to counter the effects of inflation. Another requirement in the reenlistment bonus area, the authority to pay bonuses beyond 10 years of service, is covered under the Nunn-Warner amendment.

Nine, authorize payment of a \$600 bonus to individuals who reenlist in the Individual Ready Reserve for 3 years.

Ten, expand the civilian health and medical program of the Uniformed Services (CHAMPUS) to provide dental care for dependents of active duty personnel and to make certain other improvements. I understand, Mr. Chairman, that this falls under the jurisdiction of Chairman White's committee, so I won't go into any further details here.

In summary, the administration and Congress share a common concern that we recruit, retain, and fairly compensate capable men and women whose service is essential to our national defense. In that regard, I believe that both the Nation's interest and the interest of the men and women in uniform are best served through a cooperative effort on the part of the administration and Congress. I would urge,

therefore, that you favorably consider, in addition to the Nunn-Warner amendment, the remainder of the fair benefits program which I have presented, on behalf of the President to you today.

This concludes my remarks and I would like to express my appreciation for the opportunity to appear before this subcommittee to present the President's program for much needed improvements in military benefits. Thank you, Mr. Chairman.

Mr. NICHOLS. Thank you, Mr. Secretary.

Let me begin the questions, if I may, with the obvious question that is apparent, I think, to each Member of Congress, and that is, where are you going to get the money?

Mr. Secretary, I have prepared for the committee, and I assume you have a copy of it, the breakdown of these items that you have mentioned to us here in considerable detail. The cost of the Nunn-Warner amendment for the 1980 year, as estimated by the Congressional Budget Officer is \$780 million. Let me ask you, are you in agreement with that figure?

Mr. PIRIE. We have \$702 million, Mr. Chairman. But I think that is fairly close.

Mr. NICHOLS. \$702 million?

Mr. PIRIE. Yes, sir. We would be glad to submit our calculations.

Mr. NICHOLS. I wish you would, please. \$780 million is what we show.

[The following information was received for the record:]

We estimate that the Nunn-Warner provisions would cost \$702 million in fiscal year 1981. Our estimate of individual features is as follows:

	<i>In millions</i>
Increase flight pay by 25 percent.....	\$51
Extend authority to pay reenlistment bonus beyond the 10th year of service.....	13
Increase sea pay rates and accelerate the already legislated increase from fiscal year 1982 to date of enactment.....	3
Increase reimbursements for PCS travel.....	134
Save pay for warrant officers who accept commissions.....	0
Introduce a variable housing allowance in the Conus.....	361
Increase subsistence allowances by 10 percent.....	140

For the CHAMPUS package for dental care for dependents of uniformed personnel, the figure we show, Mr. Secretary, is \$110 million.

Mr. PIRIE. We agree with you, Mr. Chairman.

Mr. NICHOLS. You agree with that?

Mr. PIRIE. Yes, sir.

Mr. NICHOLS. Let's go to the remainder of the package, now. We show for the remainder of this package a figure of \$199.1 million for fiscal year 1981. Do you agree with that?

Mr. PIRIE. Yes; we agree with that.

Mr. NICHOLS. If my figures are correct, we are talking about a total cost for fiscal year 1981 of \$1,089 million slightly over a billion dollar package. Now, am I correct in saying that in the President's budget only \$300 million is included for such contingencies?

Mr. PIRIE. I believe the number is \$316 million. But that is right.

Mr. NICHOLS. \$300 million. I don't know where the rest of it is coming from, Mr. Secretary. If the President felt so strongly about this the day he addressed the troops in Norfolk, why is it not included in the budget?

Mr. PIRIE. As you probably know, Mr. Chairman, the Secretary of Defense, in supporting these initiatives to the President, has said that he would prefer a supplemental, but that he would be willing to reprogram. The issue of the supplemental has not yet been decided. I think you will agree that the total amount of the defense budget, whether the money will be appropriated for these purposes or not, is still unclear. The Secretary and the President feel that they would like to see more clarity in where this is going before deciding whether a supplemental is appropriate or whether reprogramming is appropriate.

Mr. NICHOLS. Well, can you give the committee assurance here this morning that this additional \$789 million that we are short would be forthcoming from the administration, either in a reprogramming, or it would be forthcoming from some moneys that the Defense Department would add?

Mr. PIRIE. Yes, Mr. Chairman. That is the intention. The intention is to find the money. As you know, very frequently we find, as the budget execution goes on, that some items are unexecutable, and that money is available to be reprogramed. All of these come before the relevant congressional committees, and are indeed a matter of agreement between Congress and the administration before the reprogramming can be carried out. So it is our intention to find the money in some way to pay for these items.

Mr. NICHOLS. That is well and good, Mr. Secretary. But let me remind you that the other items that have come up for reprogramming have had a difficult time—we had some reprogrammings before the full committee yesterday. One was on recruitment. I just feel very strongly that if the President is going to propose this sort of increase—and I am very supportive of it—I think it is being somewhat derelict to propose it and not, on the other hand, ask for it in the budget.

Mr. PIRIE. Yes, sir. As I say, the issue of a supplemental has not yet been completely decided, nor have we decided in what way the reprogramming would actually take place. But as I already said, it would be a matter of agreement ultimately between Congress and the administration.

Mr. NICHOLS. Let me pursue one other area. The President's budget, I believe, included an assumed 6.2-percent pay raise for civilian personnel and a 7.4-percent increase for military personnel. The budget further assumed that the civil service pay reform bill would be enacted, separating military and civilian pay linkage.

Now, whether that pay reform bill is going to be enacted or not is anybody's guess. I say the time is right short to enact it. I have very serious doubts in my own mind as to whether it is going to be enacted. If the linkage between the military and civil service pay increase were severed, Mr. Secretary, before October 1, would the administration recommend a larger raise for military personnel, and if so, on what would the raise be based? I would like to know what your personal feelings are with regard to permissive authority for the President to reallocate the portion of the comparability raise into specific pay grades and years of service.

Mr. PIRIE. As you know, the plan that is embodied in the President's budget depends upon the enactment of the Federal Employees Compensation Reform Act. And under that plan the raise for military personnel for fiscal year 1980 would be equal to the raise in the pro-

fessional, administrative, technical and clerical index of the Bureau of Labor Statistics. That is the index that escalates both civilian and military pay now.

The raise in that index for the President's budget was estimated to be 7.4 percent over fiscal 1980. I now understand that the rise in that index is more likely to lie in the range of 8.2 to 8.5 percent. But the index has also been to fund and to give a pay raise for the full amount of the raise of that index. And that is still the administration's plan.

With respect to the second question as to the permissive authority for the President to reallocate a portion of the comparability raises, the different skills and grades, as you know, Mr. Chairman, that provision is embodied in the President's Retirement Reform Act, which has been submitted to the Congress. It is something, therefore, that the administration supports. However, let me say, that we were more enthusiastic about that in the context of the Retirement Reform Act than we are as a single authority.

Mr. NICHOLS. You mentioned 8.5 percent. I don't believe that includes catchup, does it, Mr. Secretary?

Mr. PIRIE. No; it does not. As you know, the Federal Employees Compensation Reform Act includes a total comparability calculation which takes into account the fact that Federal employees', Federal civilian employees' benefits, and particularly the retirement benefits, are more generous than those offered in the civilian economy at large. And therefore, the Federal civilian pay under the Compensation Reform Act will be restrained in its rate of growth over the next few years.

The administration does not wish to similarly restrain the rate of growth in military pay. That would be uncalled for and counterproductive. And therefore, the act calls for the severing of military and civilian pay to allow the President the authority to pay military people at the higher rates.

Now, there is not total comparability calculation for military people similar to the one for civilian people that the Office of Personnel Management did for them. We do not know, in fact, or have not agreed or generally reliable estimates, as to what that comparability is. So the decision was made that rather than to make a judgment on the basis of comparability, simply to allow for military people from now on the rate of the raise of the index, starting in fiscal 1980. So that there is no catchup provision for either military or civilian people embodied in this year's pay plan.

Mr. NICHOLS. My time has expired.

Mr. DAVIS. Thank you, Mr. Chairman.

Mr. Pirie, I first of all would like to say congratulations for coming around to the fact that we need to do something for the people in military, rather than go into these expensive programs such as the Space Shuttle, where we are spending tremendous amounts of money.

In your statement on Nunn-Warner you said you have got a couple of changes. One is that the effective date: prospective rather than retroactive. The other you term some technical changes to the language of the variable housing allowance. Let me ask you, what technical changes?

Mr. PIRIE. First, we would propose language which would permit payment of variable housing allowance to the dependents of members

who were deployed overseas, that is, dependents who are residing in the United States in some high-cost areas while their member was deployed. That is not currently in the Nunn-Warner amendment, and it is an additional thing which we think is equitable.

Second, we would propose—and this is a highly technical point—not to make this a subparagraph of section 403, because section 403 is elsewhere in the law, escalated annually; because section 403 contains other kinds of pay provisions to which escalation is appropriate. And that would create an unworkable situation with respect to the station housing allowance.

Finally, we would not prejudge the matter of whether the appropriate floor was 115 percent of an average basic allowance for quarters. And we would let that matter be settled by a survey which I have ordered the Per Diem Committee to begin which we expect to be completed by September. We don't know that 115 percent is the right floor. We think it is appropriate to give the Secretary of Defense the authority to decide what the right floor is, based on current information.

Mr. DAVIS. Why should we in the Congress forgo our responsibility when we have a good floor here of 115 percent that is written into law and turn it over to the Secretary with discretion to reduce it? We are trying to do something here that could help the military men. If we turn over this discretion, I really wonder whether or not we are turning it over to the discretion of the Secretary of Defense or the discretion of OMB. Is this the part of the bill that OMB was wanting to veto?

Mr. PIRIE. I am really not in a position to answer that. We have had discussions with OMB, and I must say they have been both extended and wide ranging. Initially there were people in the administration who took the position that the variable housing allowance that we finally came up with should involve some reallocation of the raise pool. That is not the present intent of the administration.

Mr. DAVIS. It is not the present intent of the administration?

Mr. PIRIE. No, sir.

Mr. DAVIS. Have you read the Air Force Times of April 21, 1980?

Mr. PIRIE. I am not sure.

Mr. DAVIS. It is the Jones memo to Secretary Brown discussing another memo coming out of the OMB to the White House that opposed two major elements, the variable housing allowance being one of them. According to the article, the Chairman of the Joint Chiefs of Staff replied that the variable housing allowance was the heart and the guts of Nunn-Warner, without it we don't have anything but a hollow shell. I am wondering whether or not you are trying to crack the hollow shell to a degree, by leaving this discretion with OMB, which would recommend finally to the Secretary of Defense what the floor would be and, therefore, destroy the entire basis of the variable housing allowance.

Mr. PIRIE. That is certainly not our intent, Mr. Davis. We believe, in fact, that the situation which we now see with respect to the present language in Nunn-Warner requires us, if a variable housing allowance is enacted, to do it at the 115-percent level; we view that as more rather than less restrictive on options to meet the needs of equity for the people.

Mr. DAVIS. That would also provide OMB with the ability to greatly diminish the allowance.

Mr. PIRIE. Well, it may—

Mr. DAVIS. This is where I get down to my problem. The President goes down to the *Nimitz*, and he makes a promise to the troops. Then all of a sudden we have got you coming up here and saying, "We want to delete a little bit." We have heard the word "hypocritical" around here. I believe what you are saying is that you want to do this, but let's not go all the way and do this. I am worried. Who is concerned about the troops, who is concerned about OMB, and who is concerned really about what is going to happen to the future security of this country?

Why can't we go ahead and write a statutory requirement of 115 percent now and at least let the men in uniform know what is going on, know where they stand, not thinking that next year it is going to be down to 140 percent or whatever? Why can't you provide something good for the men without trying to have this authority. I don't see where it benefits you.

Mr. PIRIE. I don't regard this as a deletion, nor do I regard it as a negation.

Mr. DAVIS. I don't regard it as a deletion, I regard it as an ability for OMB to dictate what we are going to do with our men in uniform. I think that is wrong. I think they have no feelings about the men in uniform. I think they are the Office of Meddling and Bungling.

Mr. PIRIE. Mr. DAVIS, without agreeing with you on the nature of OMB, I would point out first that they are—

Mr. DAVIS. Is this OMB's amendment that you are proposing? Let me ask you—

Mr. PIRIE. This is an amendment which I have prepared, Mr. DAVIS.

Mr. DAVIS. Who directed you to prepare it?

Mr. PIRIE. I did it on my own initiative with respect to writing an amendment which I think provides to the present Secretary of Defense the best kind of flexible authority.

Mr. DAVIS. You sat around one day and thought that this would be a good idea to amend Nunn-Warner this way? The legislators up here aren't really doing the job?

Mr. PIRIE. I haven't been exactly sitting around. This has been in the works for a year—

Mr. DAVIS. It has been the works for 15 years. You just came up with it and you said: "We need this discretion on this one point," out of the blue, with no input from anybody else in any other section of the administration, saying, "Mr. Pirie, why don't you look at it?"

Mr. PIRIE. There has been a great deal of input.

Mr. DAVIS. It has nothing to do with the White memo that originally suggested that if this went through, that maybe the President ought to veto the bill?

Mr. PIRIE. I am not aware that Mr. White has signed such a memo.

Mr. DAVIS. Well, it seems that there was a memo that went down—that memo is what General Jones was responding to—and that is also one of the reasons for the memo of May 21, from the Secretary of Defense to the President on the Nunn-Warner bill. I am wondering, are we going to accept the President's recommendations to do something for the troops, or are we just going to pass something

that gives OMB the discretion to do something for the troops when they think they need it?

Mr. PIRIE. This embodies the President's recommendation, Mr. Davis.

Mr. DAVIS. The President's recommendation of what?

Mr. PIRIE. This modification of the language of Nunn-Warner is the embodiment of the President's recommendations regarding the—

Mr. DAVIS. Then I will say that the President has got a bad problem when he says, trust me, because right now, I don't believe any man in uniform could trust him when he says something on the *Nimitz*. You come up here and say, "We want to have the ability to delete a little bit or use our discretion on it," and you don't promise them a thing, I think you give them a hollow shell.

Mr. PIRIE. I think it is far from a hollow shell. I think it is a major advance.

Mr. DAVIS. Let me ask you this: If we don't adopt this, would you recommend a veto?

Mr. PIRIE. I will have to consult the Secretary of Defense. It is his discretion.

Mr. DAVIS. It was your discretion to come forward with the amendment. What would you recommend if we didn't adopt your amendment?

Mr. PIRIE. I will have to reserve judgment on that, Mr. Davis.

Mr. DAVIS. We will face that when we come to it. I am looking forward to your judgment.

Thank you.

Mr. NICHOLS. Mr. Mitchell.

Mr. MITCHELL. Thank you, Mr. Chairman.

Mr. NICHOLS. Would the gentleman yield 1 minute to pursue Mr. Davis' question?

Mr. MITCHELL. Yes, Mr. Chairman.

Mr. DAVIS. Mr. Secretary, if this clause that you just discussed here were implemented, how many dollars would this save in 1981?

Mr. PIRIE. Over Nunn-Warner?

Mr. NICHOLS. Yes, sir.

Mr. PIRIE. It really depends upon where our survey comes in, Mr. Chairman. As I say, we are having the Per Diem Committee do a survey. We do not now have one in which to place any faith. And I can't tell you. But I can tell you that my personal intention is to provide as much of a supplement as we possibly can.

Mr. NICHOLS. Mr. Mitchell.

Mr. MITCHELL. Thank you, Mr. Chairman.

I would like to continue the line that Mr. Davis is taking. When your survey is complete, will that result in a positive, definite, concrete number like the 115 percent, or is there going to be a flexibility and ambiguousness about the whole procedure?

Mr. PIRIE. The survey will provide us with data on high-cost areas that will tell us how much those high-cost areas differ among themselves and from the national average, and how much individuals are paying in a high-cost area, over and above their housing allowance. Based on that information, one could make a judgment whether 115 percent was the right level, or whether some other level was appropriate.

Mr. MITCHELL. Before we go further, Mr. Secretary, will each high-cost area have a different floor then? Will it be 115 percent in one high-cost area and 111 percent in another, and will it change from year to year?

Mr. PIRIE. In some areas, for example, the San Diego area, the average housing for an individual may be on the order of 200 percent of his housing allowance. In other areas, it may be on the order of 95 percent of his housing allowance.

Mr. MITCHELL. But you wouldn't have any trigger point like 115 percent?

Mr. PIRIE. We will have to make a judgment, having the survey, about what the appropriate trigger point would be. And I think it would be related to the difference between the national average housing cost and the average individual's housing cost.

Mr. MITCHELL. We both know how poor perceptions are for what we are trying to accomplish. The preception of this program is that DOD and OMB are trying to shortchange the troops. That is about the way it all adds up. I understand that none of the services supports it. I am talking about your amendment.

Because of the ambiguous, vague nature of this proposal, because we don't have any minimal trigger, you are destroying the whole program. The whole package looks fine, if we have the money to fund it, except for this factor. We are getting a great deal of flak from people in the service, they don't understand it. I can see the need for paying more money in some areas where the cost is considerably higher, but shouldn't there be a basic floor that everyone could count on as a minimum amount once the cost got to the 115-percent level?

Mr. PIRIE. I just don't know what 115 percent relates to. Why 115? Why not 110? Why not 100?

Mr. MITCHELL. I would like to see it at 100 myself: 115 lets it slip 15 percentage points further than it should. But if you are just going to have it entirely vague, entirely ambiguous, and entirely at the mercy of OMB—which incidentally is a four-letter word with most people in Defense, even though it has only three initials—I think you are going to lose the effectiveness of the whole program.

Mr. PIRIE. Let me make at least a couple of points. One is that the President and his staff and the agencies that work for him, the Department of Defense, the Office of Management and Budget, have a wide variety of authorities that they can exercise with respect to the entitlements and the living conditions of the people, and this is simply one of them. I do not believe it is possible or even desirable to attempt to put the President and his administration in a complete straitjacket with respect to all military compensation situations.

Assuming that the Office of Management and Budget or some other agency that advises the President has this bias to reducing the cost of military pay, if the Nunn-Warner amendment, if the ultimate rules for variable housing allowance say, all or nothing, 115 percent or, since it is an authorization, you can give nothing, in the future it may well be that if the budget cutters attain the upperhand, the answer will be nothing. I think that an appropriate amount of flexibility in this bill will allow the President's advisors, all of the President's advisors, to make their voices heard, and for the best feasible outcome to be achieved for our people under these rules.

Mr. MITCHELL. May I just make one comment? Depending on the people that are making the decisions, I suppose it could actually provide some additional benefits down the road someplace, if we had flexibility. But the perception is that it is not going to do that. The perception is that it is there to shortchange the people who await word on how they are going to be reimbursed, 115 percent really isn't a huge amount—it isn't a trigger that is extremely rich, as a matter of fact. I would just like to suggest that you rethink this one proposal, because it is giving the whole package a bad smell.

Mr. NICHOLS. Mr. Hutto.

Mr. HUTTO. Thank you, Mr. Chairman.

Mr. Secretary, I was extremely disappointed that the administration did not support the conference committee on budget resolution, which provided for a significant increase in defense spending to include compensation for members of the armed services to try to get them to appoint where they ought to be, at least to provide a significant improvement. Getting back to what the chairman questioned you about earlier, if indeed we don't have the supplement, if we don't have funds provided for this purpose, it is going to take away from other significant expenditures for defense. In other words, it is going to hurt some other area of defense. Would you not agree with that?

Mr. PIRIE. I think the intention, Mr. Hutto, is that it will not be done in such a manner as to cause serious damage to the defense budget. That is a judgment we have to make, depending upon, as we go down the line, what the appropriation actually is. But it is not the intention to reprogram in such a way to do serious damage to other elements of the defense budget.

Mr. HUTTO. In other words, what you would do is take a little from here and a little from there from areas that are already short as far as defense expenditures are concerned?

Mr. PIRIE. Or areas in which, for a variety of reasons, we can't execute programs, and the like.

Mr. HUTTO. With regard to the variable housing allowance, as I understand it, what you want to do is to amend the Nunn-Warner bill to provide that the Defense Department have charge of this as far as deciding what it would be, in other words, to give you flexibility; is that correct?

Mr. PIRIE. Yes. The issue, although there are other technical corrections, the issue is whether 115 percent is the appropriate trigger point for additional money for variable housing allowance.

Mr. HUTTO. It is my understanding that when the Senate passed this that it was to provide for an entitlement to pay this allowance to servicemen who live in the high cost of living areas, where the average housing rates exceed their quarters allowance by 15 percent. I also understand that the intent of this allowance was to pay servicemen ordered overseas when their families are forced to remain in the United States.

Now, if the House Armed Service Committee can convince the conference committee to clarify this intent wouldn't this alleviate the requirement or the need for the Department of Defense to seek this particular change in Nunn-Warner?

Mr. PIRIE. If I understand your question properly, Mr. Hutto, and I think I do, if the House Armed Service Committee accepts our

suggestion as to the appropriate wording for this section of the Nunn-Warner amendment, then that certainly can further any conference result in the adoption of that language. And we think that is appropriate.

Mr. HUTTO. So it is possible that the administration, the Department of Defense, will take a closer look at this with a view to possibly accepting the language as is?

Mr. PIRIE. Well, the language as is has some difficulties. Whether or not one accepts the 15-percent floor, the language would not permit us to reimburse those whose dependents reside in the continental United States in a high-cost area when the member is overseas; the language would not allow us to do that. The language as written would, because of the numbering of the paragraphs, fall into a category which is automatically escalated year after year in an inappropriate way. So that those corrections, whether or not you agree with the 115-percent trigger point, really need to be made. Otherwise, the law will have serious disabilities.

Mr. HUTTO. Turning to the compensation for aviators when was this proposal submitted to the OMB, and can you give me a little more specifics on the proposal? I understand that the Nunn-Warner calls for a 25-percent increase in the aviation career incentive pay. This additional compensation package provides authority for the payment of the aviator bonuses. This leaves, I believe, your original proposal for a 50-percent increase in aviation career incentive pay 25 percent short. Have you changed your proposal on that?

Mr. PIRIE. I think I can give some clarification.

We have indeed proposed a 50-percent increase in flying pay, and this continuation bonus, and so forth. And as you know, the Nunn-Warner allows only for a 25-percent increase in flight pay. It does not allow for the continuation bonus.

At this point we believe it is important to have the continuation bonus and add that on. We have not reached a conclusion about whether the 25-percent or the 50-percent increase in flight pay is appropriate. The administration hasn't worked through that. We will come back at a later time, if it is decided that the additional 25 percent is required.

Mr. HUTTO. Thank you.

Thank you, Mr. Chairman.

Mr. NICHOLS. Dr. Evans.

Mr. EVANS. Thank you, Mr. Chairman.

I just have a comment, really, not much of a question. We in the Congress are always called upon to make decisions between the so-called social programs and the military programs, and they are tough decisions. One of the accusations often brought against us is that the military budget is full of fat. When the President makes these recommendations and promises and then doesn't send up any supplemental budget requests, it tends to lend credence to the fact that a reprogramming, which seems to be a euphemism to get some of the fat out, is designed to eliminate fat that was there in the first place. Would you want to comment on that? Because it seriously impairs the ability of the Congress to refute the argument that the military budget is really full of fat.

Mr. PIRIE. I do not believe, on the basis of having been associated very closely with the military budget formulation process since 1966, that this budget contains any fat. When we reprogram, what we are saying is that we have found areas which we believe are not as of high priority as this present area. We have found areas in which late breaking developments means that the spending rates can be altered and still achieve the program directive. We are saying things of that kind. We are not saying that there was something in there that we knew from the beginning we didn't need. From seeing this budget put together, I don't believe that there is anything in it that we don't need. I believe we need it all.

Mr. EVANS. Then the supplemental takes care of the additional—

Mr. PIRIE. As I say, we have not yet come to a conclusion about submitting one.

Mr. EVANS. I want to make clear that I favor the legislation. My posture points that out. I merely want to point out that when the recommendation is made and then no money is appropriated, apparently it can be considered to come from reprogramming, and I think that creates a difficulty.

I have no more questions, Mr. Chairman.

Mr. NICHOLS. Thank you, Doctor.

Mr. Secretary, let me question you about two specific areas of compensation. It seems to me that when you talk about reenlistment bonuses or enlistment bonuses, I think enlisted personnel generally accept and understand the fact that we pay bonuses to special groups based on skill and based on shortages; the combat arms enlistment bonus, the technical reenlistment bonuses, and so forth. I doubt that this is true with pilots. Pilots, I think, generally look at themselves as somewhat of a homogeneous group.

Let me ask you, would you address the concern that you might have that some pilots are going to get the bonus and some are not? Would the bonus be paid when a pilot is assigned to ground duty, other than flying duty? And last, do you need the authority all the way out through the 18th year of service to pay this bonus to pilots?

Mr. PIRIE. Yes, Mr. Chairman. Let me say first that I think that paying these bonuses is a problem addressed by the services, they know what their specific needs are, and how they would go about it.

As to your point about some getting it and some not getting it, it raises some difficult questions. You are probably aware that at the beginning of the bonus for nuclear submarines there were cases in which junior officers on a ship were getting the bonus while the commanding officer and executive officer of the ship were not, and indeed some junior officers, because of that, were being paid more than their executive officers and in some cases commanding officers. And that caused problems. People have not forgotten that. I would speculate that we might face similar situations with the administration of this bonus.

The rules for administering it, it seems to me, ought to arise from the need that the services perceive to be most pressing. And we would simply have to recognize that the authority to give these bonuses and the giving of them has costs as well as payoffs.

The question is to go out to 18 years. That is added for flexibility. I cannot right now say what the services are looking at in terms of the

people beyond 15 years; they may not want to pay bonuses, but there may be some special categories that are more important to them.

Mr. NICHOLS. Would you leave that decision of whether to pay pilots the bonus, would you leave that to the Secretary of the service?

Mr. PIRIE. As in all these cases, we could ask the service to give us their best judgment as to the structure of the bonuses, and tell us what it would cost. We would then look at that and see whether we believed it was appropriate, and engage in the usual discussion, and make our recommendation to the Secretary of Defense with respect to the service Secretary's recommendations. That is the normal process.

Mr. NICHOLS. The other area, Mr. Secretary, relates to a group of people that I believe there is a good bit of shortage in, and I don't believe that has been addressed in the President's remarks, or the Nunn-Warner either. And that is relative to nuclear-qualified officers on submarine duty. Can you address the shortages that occur now, or that you may foresee in that particular area, and would you respond to whether there is any legislation being developed in this regard?

Mr. PIRIE. I would have to provide for the record the specific numbers and details on shortages, Mr. Chairman. I have not brought them with me. I am aware that we have retention problems in the nuclear submarine community. I am aware that the Three Mile Island problem has, contrary to one's expectation, raised the number and the demand for nuclear-trained people at large in the communities rather than lowered it. And that is a problem for us. It is analogous to the pilot's problem, I think, and so we may have quite a serious problem there. As you know, the nuclear-trained officer community has over the years called forth special bonuses and retention incentives.

I believe the Navy is developing a proposal for us. We have not seen it. We have not discussed it with them in detail. When their proposal is ready, we will give it all due consideration.

Mr. NICHOLS. I saw General Tice nodding his head. Can you make any comment on any specific proposal that you know about that is being developed for nuclear officers?

General TICE. Yes. We are aware of the proposal that they are working on, and that they intend to submit that to the Department of Defense shortly. We received a short briefing on some of the details. Their difficulty seems to be that in 1979, while they show an increase in retention rates from 1978—from 38 percent to 42 percent, they are now projecting a decrease, so that in fiscal year 1980 they will have a 34-percent retention rate. And, of course, with this acute shortage it is causing back-to-back sea duty assignments, whereby out of 20 years of service they are projecting now that 16.4 years of an officer's career would be at sea.

Mr. NICHOLS. Mr. Davis.

Mr. DAVIS. Thank you, Mr. Chairman.

Mr. Pirie, I would like to go back one more time to the cost of the program. You know that Nunn-Warner is moving pretty rapidly. If we adopt these others and go forward with them as expeditiously as we should, what is the general feeling right now in your area, or what would be the recommendation from your area to the Secretary of Defense and on up the line as to where the money would come from? I am getting worried that we may be caught in a situation where we rob Peter to pay Paul.

It is always very easy to take reprogramming money or emergency money out of O. & M. accounts. Then we see a situation like the Air Force had last year, where in Europe they had no O. & M. money from April through the rest of the fiscal year. So what did they start doing? They started cutting down the people programs and eliminating them to take care of some of their readiness programs. I am wondering exactly where you would be if this bill moves as expeditiously as it could?

Mr. PIRIE. Once again, the way these things work is that the services provide their own list, and we would comment on that and make recommendations to the Secretary. Now, with respect to O. & M. and removing money from the people programs, I would say I reject either of such moves.

Mr. DAVIS. We just had a reprogramming where we had to reprogram a little money to the space programs. We cut out a few dental clinics, as a matter of fact, and we cut out a chapel here and there, to build a space shuttle program. I think we need a definition as to where the funds are going to come from, because the record is not good as to where they have come from in the past on reprogramming. Why would you not go ahead and recommend a supplemental?

Mr. PIRIE. Well, I may well recommend a supplemental. And the Secretary may.

Mr. DAVIS. Can we have your thoughts? We are talking about \$1 billion that you are asking us to act on. And you are not going to say where it is going to come from. You know you are a little bit opposite of Henry Kissinger. He used to say, "Just give the money, we will spend it." Now, you are saying, "Give us the authority to spend the money, but we are not going to tell you where we are going to get it." I think we have a dual responsibility here.

Mr. PIRIE. Well, I am in a difficult position also, because of a duality. I am representing the administration, and I am also a representative of my own office. From the point of view of administration, I am not in a position to talk about the overall priority.

Mr. DAVIS. Let me ask you this. What would be your personal preference, rather than your professional preference, as to where the money should come from?

Mr. PIRIE. As a Presidential appointee, my personal preferences run very strongly to the administration's position. My office, I think, has a number of recommendations on record which build the historical record indicating where we stand.

Mr. DAVIS. Thank you for those answers.

Mr. NICHOLS. Mr. Mitchell.

Mr. MITCHELL. Thank you, Mr. Chairman.

Mr. Secretary, back on February 22, you testified before our committee and you said, in some areas you did not necessarily endorse the specifics of the Warner-Nunn provisions, and the variable housing allowance was such a case. Were you rejecting it on the basis of specifics, or did you think there was any merit in that program at all?

Mr. PIRIE. I have always thought there was merit in a program which offsets the very serious income effects of the different rates of housing cost between various areas of the United States. At that particular period of time we had not come to a conclusion as to the appropriate form of measures to do that. And there were discussions

about the advisability of a reallocation scheme rather than a cost-of-living type allowance. So we had not reached a conclusion. We have now reached a conclusion. It is that a cost-of-living scheme, at least for the present, is the appropriate way to go forward. And we are supporting that. I think that is a major advance, a really very major advance in the position of this administration. And I think it is counterproductive to worry about the details of the implementation, the details that ordinarily, with respect to other kinds of cost-of-living allowances, are handled between the Per Diem Committee and the staffs of the service Secretaries.

Mr. MITCHELL. The perception is that the detail will cut the whole program, that is why it is important to address it right now.

Mr. DAVIS. Will the gentleman yield?

Mr. MITCHELL. I yield.

Mr. DAVIS. On that same point, perception bothers me. Do you not think that it would be better for the morale of the troops, if they knew exactly where they stood?

Mr. PIRIE. I think that what we are saying is about as——

Mr. DAVIS. Isn't morale one of the problems we are worried about on retention?

Mr. PIRIE. Among others.

Mr. DAVIS. But that is one of the basic ones. How would you feel, if you were an E-2 and didn't know about your housing allowance?

Mr. PIRIE. What the E-2 knows now is that there will be a housing allowance. There is no way of knowing the fact of what it is going to be, because the survey hasn't been completed for his area.

Mr. DAVIS. But the discretionary authority doesn't require that you have to put it where it is really effective and where it will do him any good.

Mr. PIRIE. But it does exactly say that; it says that there will be high-cost areas, and if an E-2 lives in that, he will get a housing allowance. Whether or not you say that, the trigger point is 115 percent; we can't now say how much that is going to be; we cannot say it until we have finished a survey. So he doesn't know what he is going to get now, in any case.

Mr. DAVIS. And he wouldn't know again next year, would he? Or would your trigger point, once you establish it, be a permanent trigger point?

Mr. PIRIE. Not necessarily.

Mr. DAVIS. Not necessarily?

Mr. PIRIE. Not necessarily.

Mr. DAVIS. So he would be in the dark?

Mr. PIRIE. That is right. But in the dark like the people who get housing allowances and cost-of-living allowances in Europe. Those change every year.

Mr. MITCHELL. It appears that we are sort of buying a pig in a poke in this particular case. With the direction OMB is taking, it is almost certain to be less than the 115-percent floor. It would be nice if we could have a program with a 115-percent trigger and then recognize more expensive high cost areas with even higher allowances. That would be a program I think that would be adopted immediately.

Mr. Secretary, you propose an increase in the maximum reenlistment bonus. Would you implement these maximums immediately, and for what groups would the higher rates apply?

Mr. PIRIE. In some cases we would look at implementing maximums immediately; the obvious one is the nuclear trained individuals. I can't tell you beyond that what other groups we would look at. Obviously, where we have serious skill shortages we would certainly look at that area.

Mr. MITCHELL. When I mentioned the 115-percent trigger and then an even higher allowance for areas of high cost, you seemed to be pondering it. Were you thinking about it seriously?

Mr. PIRIE. I just don't understand what you mean by higher allowances for areas of high cost. The 115-percent trigger is something that says that if an individual's cost exceeds 115 percent, then he will be compensated for the difference between what he actually paid and the 115 percent. Of course, that is on the basis of an average survey in an area. Now, it depends on what the survey in the area is as to what that difference actually is.

Mr. MITCHELL. You mentioned San Diego, which might have an index of 200 percent.

Mr. PIRIE. Yes.

Mr. MITCHELL. What would he get in that case?

Mr. PIRIE. He would get the difference between 200 and 115 percent, 85 percent of his housing allowance would be added.

Mr. MITCHELL. Once you establish a trigger mechanism, there is going to be some kind of a basic number for the whole country. Then the variable housing allowance would vary above that level; the higher the cost in the area, the more money he will receive?

Mr. PIRIE. That is right.

Mr. MITCHELL. The only issue in doubt, then, is precisely what that trigger would be, whether it would be 115 percent or 120 percent or 110 percent?

Mr. PIRIE. Yes.

Mr. MITCHELL. That is the only question?

Mr. PIRIE. Well, we have not yet done the survey. So we don't know indeed what the national average housing will cost.

Mr. MITCHELL. I don't understand it. I am trying to understand the system you are going to use. Will there be a final minimum that will trigger the whole program?

Mr. PIRIE. Yes.

Mr. MITCHELL. The only thing in doubt, then, is whether it is 115 or 152 or 110?

Mr. PIRIE. Yes.

Mr. MITCHELL. When do you think the survey will be completed?

Mr. PIRIE. September.

Mr. MITCHELL. Thank you, Mr. Chairman.

Mr. NICHOLS. Mr. Hutto.

Mr. HUTTO. Mr. Chairman, my time ran out on me before.

I want to get back to the aviation pay. What was your original plan?

Mr. PIRIE. The Defense Department's bill of aviation career incentive pay calls for 50 percent. The administration now supports the 25 percent of Nunn-Warner.

Mr. HUTTO. You support Nunn-Warner instead of your original position?

Mr. PIRIE. The administration does; yes, sir.

Mr. HUTTO. Why would you change your position on that?

Mr. PIRIE. Well, as you know, the administration has not come forward with a position on aviation career incentive pay; although the Defense Department has made its recommendations, they have not yet been endorsed and become an administration bill.

Mr. HUTTO. I am not sure that I follow you. The Defense Department supports the 50 percent, but the administration has not accepted that?

Mr. PIRIE. We have not yet come to a conclusion on that.

Mr. HUTTO. But you are continuing to pursue that?

Mr. PIRIE. It will be discussed.

Mr. HUTTO. This is a matter of great importance. I am particularly interested in the Navy pilot retention. I asked you before—and I am not sure that you answered—when this was first submitted to OMB?

Mr. PIRIE. I think it has been before them since mid-March.

Mr. HUTTO. For 1967, the figure I have for retention of Navy pilots, for example, was 31 percent. In fiscal year 1980, it looks like 28 percent. That is a low figure. Do you know what the retention rate that is required to adequately man our squadrons is now, about what percentage we need?

Mr. PIRIE. It is well above either of those numbers.

General TICE. They use an ideal figure of 60 percent.

Mr. HUTTO. In other words, our needs are double?

General TICE. But the ideal rate allows also for staff assignments periodically. And of course, that is the same thing that we are faced with the nuclear submariner, who has very little shore duty. He spends most of his time at sea when our shortage is critical. The Navy pilot situation is closely approximating the nuclear submarine problem.

Mr. HUTTO. You agree, then, that it is critical, your retention rate for pilots?

Mr. PIRIE. We have a serious problem with pilot retention.

General TICE. And that is why we supported the continuation bonus request for the Navy. The other services have not requested it.

Mr. HUTTO. Thank you.

Thank you, Mr. Chairman.

Mr. NICHOLS. Dr. Evans, do you have any further questions?

Mr. EVANS. No further questions, Mr. Chairman, thank you.

Mr. NICHOLS. Anybody else?

Mr. Davis.

Mr. DAVIS. Let me say one other thing. The retention for lawyers is worse than pilots.

Mr. NICHOLS. Mr. Secretary, let me put one final question to you regarding bonuses for staying overseas. The cost of the current permanent change of station move for a member returning from an overseas assignment is considerable. What would you think of a bonus payable in some lesser amount than the cost of the PCS move to provide incentive for an individual to extend overseas, what would be the effect on readiness, and how successful would you think such a program might be? I raise that because it has been mentioned to the committee.

Mr. PIRIE. Let me just say off the top of my head, it sounds like an attractive proposal, and we would certainly give very serious consideration for such a proposal because it addresses some problems that

we see, including the stability of manning overseas, it is important to us to have people remain there as long as possible. And this incentive seems to me to address that and would be useful. As to the effect on readiness, if it works, it strikes me it would be positive. It has a great deal to recommend it. I would have to look at it quite carefully and touch the appropriate bases. But I react favorably to it.

Mr. NICHOLS. Thank you, Mr. Secretary.

The subcommittee stands adjourned subject to the call of the Chair.

[Whereupon, the committee was adjourned at 11:15 a.m., subject to the call of the Chair.]

H.R. 5168

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
MILITARY COMPENSATION SUBCOMMITTEE,
Washington, D.C., Wednesday, June 11, 1980.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 2216, Rayburn House Office Building, Hon. Bill Nichols (chairman of the subcommittee) presiding.

Mr. NICHOLS. The subcommittee will come to order.

The purpose of today's meeting is to establish a subcommittee position with regard to the Nunn-Warner amendments and hopefully to mark up a bill addressing the remainder of the fair benefits package suggested by the President. I would like to go into the Nunn-Warner provision first.

If you will recall, the Nunn-Warner amendment would affect existing entitlements by: (1) increasing aviation career incentive pay/flight pay by 25 percent; (2) accelerating the implementation of the full rates for sea pay and increasing those rates by 15 percent; (3) removing the current statutory limit of 10 cents per mile for reimbursement for mileage in conjunction with a permanent change of station move; and (4) increasing the basic allowance for subsistence by 10 percent.

New entitlements would be created in the following areas: (1) a variable housing allowance would provide the difference between 115 percent of the basic allowance for quarters and the average cost of housing in certain geographic areas within the continental United States that experience a high cost of living; and (2) authority to pay a selective reenlistment bonus, which currently extends only to enlisted members in critical skills with up to 10 years of service, would be authorized for such members with up to 14 years of service.

I would like to suggest that the subcommittee establish a favorable position with regard to the Nunn-Warner amendments with these three exceptions:

The amendments should take effect the first day of the month following the date of enactment, rather than on January 1, 1980. I see all sorts of problems with the January 1 date. There would be people who would have been discharged in March and April and May, and they would all file for entitlement. So I would hope that would be on the first day of the month following enactment rather than January 1, 1980.

The variable housing allowance language should be modified to permit payment when the dependents of a service member assigned overseas reside in a high-cost area in the continental United States.

The Variable Housing Allowance language should also be modified to remove the permissive nature, thus creating an entitlement to service members that would pay the difference between 115 percent of their basic allowance for quarters and the average cost of housing.

To minimize budget problems we will need to make the amendment effective October 1, 1980, although we will still have problems because a provision creating an entitlement for variable housing allowance is outside the scope of the conference. I will go into that a little bit later.

In addition, the bill to which the Nunn-Warner amendment is attached, H.R. 5168, provided a 1-year extension for certain personnel authorities that expired last September. For example, the bill provides grade relief for Air Force officers, waiver of a sea duty requirement for promotion of naval officers, and authority for spot promotion of naval officers. Because of the present uncertainty surrounding the enactment of the Defense Officer Personnel Management Act which would further address some of these areas, I suggest that we seek an additional 2-year extension of these authorities.

Should the subcommittee agree with this position, it would be my intent to go to the full committee later this morning requesting that they adopt the same position and that we ask for appointment of conferees.

Let me say to the members of the committee, this procedure is somewhat of a courtesy, as I view it. We really don't have to get full committee approval on this. We are waiting appointment of conferees. But I would like to go to the full committee with these suggestions just as a matter of information that we ought to share with them before we go to conference.

If there are no objections to this, I will go to the full committee with this recommendation on the Nunn-Warner provisions.

Mr. MOLLOHAN. Mr. Chairman, I have no objection. But may I ask a couple of questions?

Mr. NICHOLS. Yes, sir.

Mr. MOLLOHAN. I am sympathetic to the effective date being the first of the month following the date of enactment rather than January 1, 1980. Is January 1, 1980, a typographical error, or are we trying to prevent the retroactivity of it?

Mr. NICHOLS. No, sir. The Nunn-Warner provision, as passed by the Senate, carried an effective date of January 1, 1980. Now, we are in the month of June. And obviously if you go back to the provision that the Senate included, then you are talking about backpay for people who are out of the military. I am just trying to avoid that.

Mr. MOLLOHAN. You want to avoid retroactivity?

Mr. NICHOLS. Yes. I don't believe we get any impact for that.

Mr. MOLLOHAN. The second question I want to ask you is this. We are providing here, in addition, for spot promotion of naval officers. Will that be disruptive to the current promotion program?

Mr. NICHOLS. Let me defer that to Mr. Emmerichs.

Mr. EMMERICHS. Mr. Mollohan, the spot promotion is authority that has existed in the past to appoint individuals who are serving as engineering department heads, in submarines in particular, to serve in a higher grade before they would normally be promoted. It is an incentive to get these officers to stay in the submarine corps. The bill, H.R. 5168, as originally passed by the House, allowed the President to make those spot appointments during this fiscal year. Those spot promotions have stopped because there has been no authority since last September to do it. This bill would extend that authority

through September of this year. The chairman is asking to extend this date 2 years more.

Mr. MOLLOHAN. And has it happened in the past that the regular promotion authority confirms these spot promotions at a later date?

Mr. EMMERICHS. Yes; it is just an early promotion.

Mr. MOLLOHAN. That is all I have.

Mr. EMERY. I would like to ask the chairman, counsel or both, whether or not the bonus for pilots is an across-the-board bonus, or is that flexible enough so that maybe a bit more of a bonus could be given in cases where one service has more of a shortage or problem? How does that work?

Mr. NICHOLS. Mr. Emmerichs.

Mr. EMMERICHS. The bonus authority is to pay up to 4 months' basic pay. In some cases they could be paid less than that. The maximum would be 4 months' basic pay. But it could be implemented so that certain services could pay up to 2 months', or you could pay different amounts by years of service or different aircraft.

Mr. EMERY. My concern is this. It seems to me that the bonus is most effective if the greater bonus goes to areas where there are shortages and the lesser bonuses go to areas where there is no problem at all. I think the committee ought to reflect that reasoning.

Mr. NICHOLS. I would agree with the gentleman from Maine. And I would respond by saying that it is flexible. I think we might perhaps include that language in the report if there is no objection to it.

Mr. MITCHELL. Mr. Chairman.

Mr. NICHOLS. Yes, sir.

Mr. MITCHELL. Mr. Chairman, I want to address the third recommendation in the subcommittee position. And it is at the bottom of the first page; "the variable housing allowance language should be modified to remove the permissive nature" of the allowance. We discussed that at our last hearing.

I would like, as one of our leaders in my party used to say, to make it perfectly clear that the committee is in favor of changing the "may" to "shall" as far as the variable housing allowance is concerned. That I think is what we are intending to do, isn't it?

Mr. EMMERICHS. Yes.

Mr. MITCHELL. I just want to be sure that this is understood by everyone, because it is a key point, I think, in attracting and retaining personnel.

I want also to strongly support the chairman in his advocacy of Nunn-Warner. The need is great. We have severe shortages in critical areas. We can't even send ships out on the high seas because we don't have people to man them. In today's Washington Post I notice that the Secretary of Defense is urging the services to exploit the unemployment situation in the Nation to attract and retain people in the Armed Services. I suppose it is a tool that can be used. It is unfortunate that we have to use methods like that. It is a shame that we can't do more in the line of providing incentives and bonuses like the Nunn-Warner proposal today.

So I would just like to say that I strongly support this effort, and I want to urge my colleagues to support it.

Mr. NICHOLS. Mr. Aspin.

Mr. ASPIN. First of all, there is a procedural question here as to how this works out. What you are suggesting is that we agree with what you suggested here, and then we go to the full committee this morning—

Mr. NICHOLS. Yes.

Mr. ASPIN. They then approve this. Then we go to the floor? How does this work?

Mr. NICHOLS. I don't think it is necessary for them to approve. It is a courtesy that I thought I ought to share with the full committee. The Nunn-Warner provision, of course, is in the form of amendments which the gentleman will recall were added on the Senate side to H.R. 5168. The normal procedure would be, of course, for the Speaker to appoint conferees. I would presume that the conferees would come from this committee to meet with the Senate conferees on differences in the bill. Our bill contains no Nunn-Warner, and their bill contains those provisions. As a matter of courtesy, I thought I ought to run it by this subcommittee and by the full committee just to tell them what our recommendations might be.

Mr. ASPIN. So we don't need to go to the floor here with anything.

Mr. EMMERICHS. Except for changing the new expiration date for the expiring authorities.

Mr. ASPIN. But if we did that in conference, it would come back to the House.

Mr. EMMERICHS. It would be clearly outside the scope of the conference.

Mr. ASPIN. Then how do we deal with that?

Mr. EMMERICHS. The tactic would be to go to the floor with a unanimous consent request to take the bill from the Speaker's table, agree with the Senate amendments with a further amendment. That further amendment would strike everything that the Senate put in and amend this date. So, in effect, we would be going back to conference with a bill that looks like it looked when it left the House except the expiration date for those authorities would be 2 years further down the stream.

Mr. ASPIN. Does that mean then that the conference can't negotiate anything because we would have agreed to everything in the House first?

Mr. EMMERICHS. In that unanimous consent request, we would not have agreed to anything in the Nunn-Warner.

Mr. MOLLOHAN. Would the gentleman yield?

Mr. ASPIN. I yield.

Mr. MOLLOHAN. I wanted to ask, is it not appropriate and germane for the conference to change the effective date of anything that may be in one of the bills without going to the floor?

Mr. EMMERICHS. It would be, Mr. Mollohan, except that the two bills today have exactly the same expiration date in them. So that would not be a matter for consideration by the conferees. There has to be some different—the only things that can be considered in the conference are differences between the two bills. As they stand now, that date is the same in both.

Mr. ASPIN. What have we actually passed on the floor at this point?

Mr. EMMERICHS. We have only passed H.R. 5168, the basic bill itself, which extends for 1 year, from last September to this coming September, authority to perform certain personnel management policies: for

the Air Force to exceed their grade limitations, for the President to waive the requirement for sea duty for promotion in the Navy, and so forth. That is all. We have not addressed on the floor at all the Nunn-Warner amendments or any of the amendments that were in that bill that were added in the committee. There were four or five amendments added in the committee.

Mr. ASPIN. But the expiration dates, you say, are the same?

Mr. EMMERICHS. The expiration dates for the basic bill itself are the same in both.

Mr. ASPIN. So they would not be subject—unless we make that change, they would not be subject to negotiation in conference.

Mr. EMMERICKS. That is correct.

Mr. DOUGHERTY. Is this an appropriate forum to address the President's authority to put a cap on the increase for pay of military and civilian employees. Would it be appropriate here for us to take away the President's authority to cap military pay?

Mr. NICHOLS. I am told by staff that that would not be appropriate within the context of the Nunn-Warner provision.

Let me say to the gentleman, it is my understanding that one Member of the Senate in the Armed Services Committee has prepared an amendment, and there seems to be considerable support for it, to divide the question of civilian pay increases and military pay increases this year. If that provision is approved by the Senate, I would think that we would be talking about a pay increase of somewhere around 11 percent for the military vis-a-vis somewhere around 7 percent for the civilians.

Mr. DOUGHERTY. Would it be appropriate for the chairman to have the consent of this committee to go into conference on that issue?

Mr. NICHOLS. It is a little premature, I think. I just bring it to the gentleman's attention.

Mr. DOUGHERTY. Thank you.

Mr. MOLLOHAN. One further question. Are we saying in bringing this whole matter before the committee this morning, that we require no action on the President's suggestions which he made the other day, which are additional modifications or additions to the Nunn-Warner amendment, can these be treated as further amendments to the Nunn-Warner amendments, and then become an appropriate subject matter for the conference to discuss and decide upon?

Mr. NICHOLS. If the gentleman would yield, we have elected to put that in a separate bill which I intend to discuss at the conclusion of this bill.

Mr. MOLLOHAN. I am sorry.

Mr. NICHOLS. Mr. Aspin.

Mr. ASPIN. Mr. Chairman, could you or Mr. Emmerichs address some questions about how this variable housing allowance works? Is would pay the difference between 115 percent of the basic housing allowance and the average cost of living on the economy?

Mr. EMMERICHS. Yes, sir.

Mr. ASPIN. So it is given only to those members who are living on the economy, is that how it works?

Mr. EMMERICHS. Yes, sir.

Mr. ASPIN. The assumption, then, is that they would put that payment into housing.

Mr. EMMERICHS. Yes.

Mr. ASPIN. The amendment that the chairman is talking about is to make sure that it applies when the dependents of a service member are living on the economy even though the service member himself may be stationed abroad.

Mr. EMMERICHS. Overseas, yes, sir.

Mr. ASPIN. We are also modifying it so that we are making this an entitlement program. We aren't going to make it run into parliamentary problems in making it an entitlement program?

Mr. EMMERICHS. It is not clear to the staff that the way the Senate language is written it is not an entitlement. If it is implemented at all it could be read that it is an entitlement. If that is not true, if it is completely discretionary with the Secretary of Defense, then doing what is suggested here probably would be outside the scope of the conference.

Now, in this case, as well as in the case before on the outside-the-scope-of-the-conference problem, if that comes back to the House or the Senate, and a point of order is raised and sustained, then we would have to go back to conference and work it out in conference within the scope of the conference. But that would not necessarily occur unless somebody raised that point of order, and it were sustained.

Mr. NICHOLS. Let me say to the gentleman from Wisconsin that I have discussed this in some detail with the staff and asked him to look into the parliamentary issue. The entitlement provision is placed in the bill because I had sensed that that was the sentiment of the subcommittee here. We could run into problems with it, I would have to say to the gentleman. I hope that doesn't occur.

Mr. ASPIN. One further question, Mr. Chairman. Is it the sentiment of the subcommittee that we are going to try and negotiate any modifications in this when we get to conference, or are you all pretty happy with the provisions? The reason I asked is, I wanted to raise one question about one of the provisions in the Nunn-Warner that I thought was something that might be improved upon. But if we go into conference, what is going to be our position? Are we in favor of all the components of this thing?

Mr. NICHOLS. Well, I would hope that the gentleman from Wisconsin, with the expertise that he has, would be a conferee. I personally, am pretty happy with the Nunn-Warner provisions as they are with the suggested changes. Let's face it, this thing has been kicking around since the Armstrong amendment first surfaced back in November or December. I expect the troops are getting very anxious as to whether we are going to pass the legislation or not. I do not have a closed mind, and I would say to the gentleman if he has any improvements in it beyond what have been suggested here, we would be glad to entertain them. The conference would also be open for any suggestions that he might have.

Mr. ASPIN. Let me just ask about this. The one that strikes me as being the one that maybe we are not getting as much for is that subsistence allowance provision. What does that boil down to? The total cost is \$152 million, as I understand it; is that correct?

Mr. EMMERICHS. The 10-percent increase in subsistence would be \$152 million in 1981.

Mr. ASPIN. It is a 10-percent raise. What does that actually come out to in an increase on the average?

Mr. EMMERICHS. It would be about a \$6 increase per month for officers and an \$8 increase per month for enlisted personnel who receive it.

Mr. ASPIN. Which works out about to what? A hundred dollars a year or so?

Mr. EMMERICHS. Yes, sir.

Mr. ASPIN. It just seems to me that this is the one provision of the package by which we are not getting much for our money. Six dollars per month doesn't mean much to anybody, and \$100 a year isn't going to have much of an effect on retention, and we ought to be able to get more for \$152 million than that. I don't mean to settle the issue or debate the issue at this point, I am just asking whether we are locked into all the parts of it or whether we are open to further suggestions.

Mr. NICHOLS. Let me say to the gentleman, I tend to concur with what his assessment is on that. And I have discussed it on the staff. Six dollars a month is not much. Nine dollars a month is not a great deal. I am certainly flexible on it. And if the gentleman wishes to offer an amendment at any point, certainly we would be willing to entertain that amendment.

I left it in there because the Senate seemed to feel like it was a good provision, and I have no objection to it. What you are suggesting is that we get sufficient bang for the buck, I guess.

Mr. ASPIN. Yes.

Mr. MITCHELL. Would the gentleman yield?

Mr. NICHOLS. Yes.

Mr. MITCHELL. I would agree with the gentleman that it is not a huge amount. But it is, I think, highly important as a symbol. The perception in the services is that the Congress has been eroding benefits, it has been breaching contracts, it has been taking away from what some recruiter promised them. This, at least, is a step in the right direction. It is giving someone more than he has had in the past. I think that perception is important. I feel that I am going to support it in conference, just because it is giving rather than taking from.

Mr. ASPIN. I don't want to get in the debate. All I am saying is how do you know until you see what the alternatives are? I am not suggesting that the \$152 million not be spent, I am just saying that it might be a better way to spend it. All I am saying is keep it open and see what alternatives we might get for it.

Mr. MITCHELL. Sure.

Mr. NICHOLS. Let me respond just a little bit if I can. I don't look at what we are doing here this morning as setting the committee's position in cement in any sort of way. I think I am flexible about it. I don't think we are establishing any hard and fast and firm lines that cannot be changed or amended as the conferees might see fit.

Mr. MITCHELL. Will the gentleman yield?

Mr. NICHOLS. Yes, sir.

Mr. MITCHELL. I would suggest probably that the Senate came up with a 10 percent figure because it reflected something like an increase in inflation. There might be better ways to do it, because you could spend the same amount of money and provide better benefits and

retain more efficiently. I am open to suggestions, but I think until something better comes along I would certainly hope to stick with this one.

Mr. NICHOLS. Gentlemen, if there is no further questions, I would intend to go to the full committee at the appropriate time with the suggestions that we have outlined here this morning on the Nunn-Warner provision.

Now, the second item on the agenda this morning addresses itself to the suggestions made by the President on Memorial Day when he addressed the sailors aboard the U.S.S. *Nimitz* in Norfolk. The President has suggested additional modifications above and beyond the Nunn-Warner amendments.

A family separation allowance for E-4,s and below of \$30 per month.

The trailer allowance increase in reimbursement for moving the trailer.

A basic allowance for quarters, BAQ, for Navy personnel who are displaced from quarters onboard that ship. That addresses itself to the situation when the ship might be in port, and it has to be repainted or the quarters have to be repaired, and the crew members have to go out and make accommodations on the economy.

Increase in maximum enlistment bonus from \$3,000 to \$5,000, and in maximum reenlistment bonus from \$15,000 to \$20,000, and making this permanent authority.

Authorization of optional BAQ for single E-7's and above.

Continuation bonus for pilots up to 4 months' basic pay per year of extension.

And finally, an increase in per diem for TDY from the present \$35 to \$50 a day standard rate, and \$50 to \$75 in high cost areas.

The total cost of these proposals is \$197.1 million.

Let me say, I have some reservations concerning the continuation bonus for pilots. Although it will undoubtedly be useful in addressing the pilot shortage being experienced today, I am unconvinced that it can be implemented in a way that will avoid problems that may cause extreme discontent among the pilots.

For example, the Air Force and the Army do not presently intend to use the bonus; this would cause discontent between pilots in the individual services, and eventually lead to pressures to extend the bonus to all services whether warranted or not. Further, providing the bonus, or larger bonuses, to some categories of pilots where extreme shortages exist, and not to others where manning is near requirements will cause discontent among pilots in the same service. In addition, senior pilots could potentially receive less total compensation than those who serve under them. Finally, throughout their career, pilots serve in rated as well as nonrated duties. During the nonrated portions of their careers, pilots could perceive inequities in the implementation of the bonus system among pilots, and nonrated personnel may perceive inequities between themselves and pilots.

If the continuation bonus for pilots is accepted. I would recommend strong report language expressing the committee's intent that the bonus be implemented in such a way as to minimize pay inversions between junior and senior pilots and between rated and nonrated personnel serving in nonrated positions. Because eligibility for the bonus would be limited to those with less than 19 years of service, the

report language should emphasize the committee's desire that the bonus be phased down as regular military compensation increases with years of service so as to preclude significant pay cuts for senior personnel.

In addition to these formal proposals suggested by the President, I would like to suggest three other modifications of a relatively minor nature.

First, authorization of a special pay for enlisted members who would agree to extend beyond their normal tour overseas. This would be payable for each month of extension for individuals who agree to remain overseas for at least an additional year. Alternatively, the service member could elect 30 days of nonchargeable rest and recuperative absence, 15 days of nonchargeable rest and recuperative absence plus space required travel to and from CONUS, or space required travel to and from CONUS for the member and his dependents.

Second, permanent extension of existing authority, which expires on September 30, 1980, to pay \$100 per month subsistence allowance to members of the Marine Corps platoon leaders class.

I think the committee is fairly familiar with that.

And finally, a clarification of prior legislative intent and current policy by specifically excluding trailer court spaces from the definition of "quarters". This would allow a rental charge based on amortization of construction costs over a 15-year period plus the cost of maintenance and utilities.

Finally, and this is not in the paper that I sent to each of the committee members. The Navy has expressed a great deal of concern over the shortage that they are experiencing in the submarine field. They discussed this with Chairman Price. Mr. Bennett has discussed it with me, and he feels like some needed changes ought to be made in this field. We are passing around some provisions that I have asked Mr. Emmerichs to work up for the consideration of the subcommittee.

Mr. Emmerichs, will you discuss that particular provision at this time?

Mr. EMMERICHS. The charts that are coming around indicate the manning situation in the submarine community. The first chart is a profile of the entire enlisted submarine force. It compares the ideal with the actual numbers. And I know it is hard to differentiate on that curve which is which. If you look at the smoother of the two curves as the ideal curve, and the one with the zizzags in it as the actual number, you can see specifically in the 10- to 20-year point the shortages that exist in the total enlisted force.

The second chart is a similar profile except it applies only to the nuclear enlisted category. Again the shortage occurs in the 10- to 20-year point in time.

Another characterization of that is on the third chart. It shows the enlisted force again, this time by pay grade, and shows that for the pay grade E-5, the inventory is actually larger than the desired level, but in pay grades E-6 and E-7 and above, the inventory is less, again in the upper years of service.

The fourth chart portrays the situation for the nuclear submarine officer, in which the vertical axis is years of service—a switch from the other three charts—and the horizontal axis is the number of people. Again the ideal is uniformly above the actual profile.

Based on those charts, one might conclude that a problem is developing. And some of the retention data indicates that it is going to be worse in the future. So the staff has developed a proposal that addresses that situation—as an interim measure, not as a final solution, because we just haven't had time to look at it in any great detail. In an attempt to stabilize the trends, what the staff proposes for the enlisted side would consist of four parts, three of which are already included in other proposals. It would extend the selective reenlistment bonus up to 14 years of service, instead of 10 to which it is currently paid out.

It would increase sea pay immediately, and increase it by 15 percent beyond the full rates. That is also in Nunn-Warner.

It would increase the maximum selective reenlistment bonus from \$15,000 to \$20,000. That is in the fair benefits package.

In addition to that—and this is a new suggestion—it would provide a 25-percent increase in submarine pay for enlisted personnel. That is the same increase received by enlisted flight crew members in conjunction with Nunn-Warner. It would increase today's rates from \$50 to \$105 based on years of service and grade by 25 percent.

In the case of the officer, today, they are provided three kinds of bonuses in addition to submarine pay. They get an accession bonus to come onboard as a nuclear officer. That is \$3,000. It would be proposed to increase that to \$5,000.

The nuclear continuation bonus is the second bonus they are eligible for. They are eligible for that at the end of their initial obligation; if they extend for 4 years, they could get up to \$20,000. It would be proposed to increase that to \$25,000, a 25-percent increase.

Finally, after 10 years of service, nuclear officers are entitled to a bonus of \$4,000 per year for each year they stay onboard in a nuclear billet. That would be increased to \$5,000.

In addition, these three bonuses expire on September 30, 1981. This would be extended for 2 years beyond that to give sufficient time to look at this in more detail.

Mr. NICHOLS. I know there will be many questions about this. I suggest that the committee take a recess of about 10 minutes to vote. I hope you all will come back. We badly need to mark this bill up. It would be my intention to go through this point-by-point and discuss it.

Let me ask the committee's judgment. We have Secretary Alexander before the full committee today. I know many members of the committee are very much interested in attending. Would it be the pleasure of the committee to maybe do this at another time?

Mr. ASPIN. It would certainly be better for me. I would like to have the chance to look at these proposals, particularly the latest proposal, which has just been provided to us this morning, and I would like to have a chance to study that in further detail before we actually go to any kind of a markup.

Mr. NICHOLS. Let me ask if the committee would be amenable to meeting at 9:30 tomorrow.

Mr. ASPIN. I can't do it tomorrow morning.

Mr. NICHOLS. I want to accommodate the gentleman, but I am very anxious to get on with this.

Mr. MITCHELL. How about 11 tomorrow?

Mr. ASPIN. My problem is that I have another committee meeting that I have to go to tomorrow morning.

Mr. HUTTO. How about this afternoon? Would that be possible?

Mr. NICHOLS. I don't believe that gives the gentleman the time he needs.

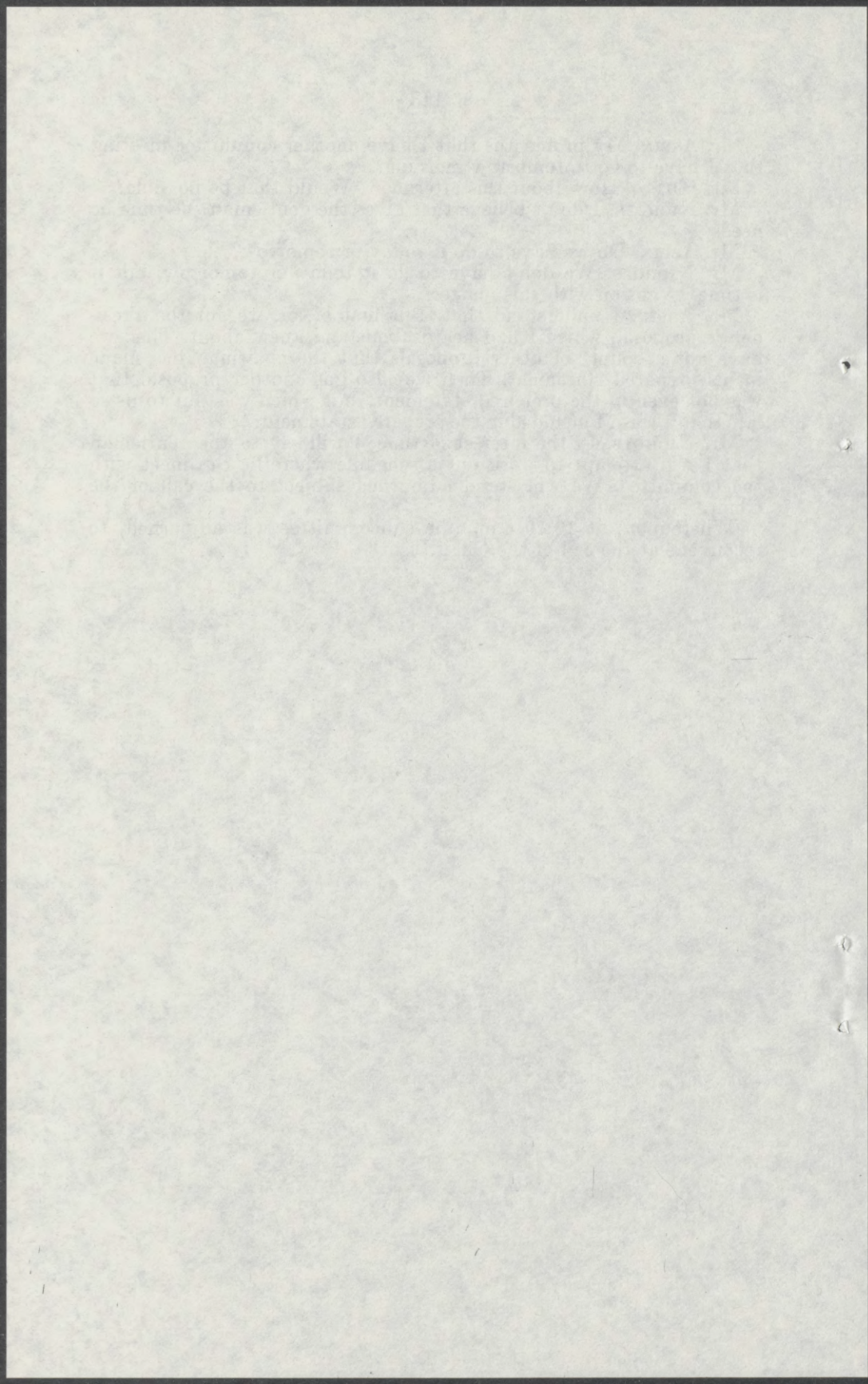
Mr. ASPIN. Do we have to do it today or tomorrow?

Mr. NICHOLS. We don't have to do it today or tomorrow, but it is time we got on with this matter.

Mr. ASPIN. I understand that. But first of all, we got the President's proposal, which I had heard about and knew about. Then we have got a couple of other proposals that the chairman has made in his prepared statement. Then we also got another proposal that was not even in the prepared statement, but which was put to us so late that it wasn't included in the prepared statement.

Mr. NICHOLS. In the interest of time, I will say to the gentleman that I will attempt to work out a schedule where he can meet with the committee. We will stand adjourned subject to the call of the Chair.

[Whereupon, at 10:10 a.m., the subcommittee was adjourned, to reconvene at the call of the Chair.]



FAIR BENEFITS PACKAGE MARKUP

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
MILITARY COMPENSATION SUBCOMMITTEE,
Washington, D.C., Thursday, June 19, 1980.

The subcommittee met, pursuant to notice, at 9:45 a.m., in room 2216, Rayburn House Office Building, Hon. Bill Nichols (chairman of the subcommittee) presiding.

Mr. NICHOLS. The subcommittee will come to order.

The purpose of the meeting today is to continue the markup of the fair benefits package.

First, I would like to observe that on Tuesday we asked for the appointment of conferees on H.R. 5168, the bill that contains the Nunn-Warner amendments, which were attached on the Senate side. The conferees on the House side are Mr. Price, myself, Mr. Mollohan, Mr. Aspin, Mr. Davis, Mr. Mitchell, Mr. Bob Wilson and Mr. Emery. I am hopeful that the Senate conferees might be appointed within the next day or so and that we can go to conference on the Nunn-Warner amendments, hopefully, the first part of next week.

The other item that I would like to take up before we get into the fair benefits package relates to the passage and enactment of the special pay bill for uniformed services health professionals. This is the doctors and dentists pay bill. The bill is scheduled to come up under suspension of the rules on this next Monday, June 23.

[NOTE.—Discussion of this issue is contained in H.A.S.C. No. 96-63.]

The other item of business this morning is to proceed on the markup of the fair benefits package.

[H.R. 7626 is as follows:]

[H.R. 7626, 96th Congress, 2d Session]

A BILL To amend title 37, United States Code, to improve certain special pays and allowances for members of the uniformed services, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Military Pay and Allowances Benefits Act of 1980".

ENLISTMENT AND REENLISTMENT BONUSES

SEC. 2. (a)(1) Subsection (a) of section 308 of title 37, United States Code, is amended—

(A) by striking out "ten years" in clause (A) and inserting in lieu thereof "fourteen years";

(B) by striking out "\$15,000" and inserting in lieu thereof "\$20,000"; and

(C) by striking out "twelve years" and inserting in lieu thereof "sixteen years".

(2) Subsection (f) of such section is repealed.

(b)(1) Subsection (a) of section 308a of such title is amended—

- (A) by striking out "for a period of at least four years";
 - (B) by striking out "to a total of at least four years"; and
 - (C) by striking out "\$3,000" and inserting in lieu thereof "\$5,000".
- (2) Subsection (c) of such section is repealed.

CONTINUATION BONUS FOR AVIATION CAREER OFFICERS

SEC. 3. (a) Chapter 5 of title 37, United States Code, is amended by inserting after section 301a the following new section:

"§ 301b. Special pay: aviation career officers extending period of active duty

"(a) Under regulations to be prescribed by the Secretary of Defense, or by the Secretary of Transportation with respect to the Coast Guard when it is not operating as a service in the Navy, an officer of an armed force who—

"(1) is entitled to aviation career incentive pay under section 301a of this title;

"(2) is in a pay grade below the pay grade of O-7;

"(3) is qualified to perform operational flying duty (as such term is defined in clause (6) of section 301a(a) of this title);

"(4) has at least six but less than eighteen years of aviation services as an officer;

"(5) executes a written agreement to remain on active duty in aviation service for at least one year; and

"(6) is in an aviation specialty designated as critical;

may, upon the acceptance of the written agreement by the Secretary of Defense or the Secretary of Transportation, as applicable, be paid an amount not to exceed the product of four months' basic pay (computed at the rate applicable to the officer at the time the agreement is executed) and the number of years (or the monthly fractions thereof) that the officer agrees to remain on active duty under the agreement. An agreement under this section may not extend beyond the date on which the officer would complete nineteen years of aviation service. Upon acceptance of the agreement by the Secretary of Defense or the Secretary of Transportation, as appropriate, and subject to subsection (d) of this section, the total amount payable becomes fixed and may be paid in either a lump sum or in installments.

"(b) Special pay under this section is in addition to any other pay and allowances to which an officer is entitled.

"(c) For the purpose of this section, the term 'aviation service' means the service performed by an officer holding an aeronautical rating or designation (except a flight surgeon or other medical officer) under regulations prescribed by the Secretary of Defense or the Secretary of Transportation. The years of aviation service are computed beginning with the effective date of the initial order to perform aviation service.

"(d) (1) Under regulations to be prescribed by the Secretary of Defense or by the Secretary of Transportation, as appropriate, and subject to such exemptions as may be prescribed in those regulations, refunds may be required, on a pro rata basis, of sums paid under this section if the officer who has received the payment fails to complete the total period of active duty in aviation service specified in the agreement. Nothing in this section shall alter or modify the obligation of a regular officer to perform active service at the pleasure of the President. Completion of the agreed-upon period of active duty in aviation service under this section shall not obligate the President to accept a resignation submitted by a regular officer.

"(2) Subject to paragraph (3) of this subsection, an obligation to reimburse the United States imposed under paragraph (1) of this subsection is for all purposes a debt owed to the United States. The United States may institute and prosecute legal proceedings in any State or Federal court to recover a debt owed under paragraph (1) of this subsection against the officer who signed the agreement.

"(3) Under regulations to be prescribed by the Secretary of Defense or by the Secretary of Transportation, as appropriate, a refund required under paragraph (1) of this subsection may be waived in whole or in part if recovery of the amount owed would be against equity and good conscience or contrary to the best interests of the United States.

"(4) A discharge in bankruptcy under title 11 that is entered less than five years after the termination of an agreement under this section does not release the member signing such agreement from an obligation under paragraph (1) of this subsection to satisfy the debt. This paragraph applies to any proceeding in bankruptcy which begins after September 30, 1980."

(b) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 301a the following new item:

"301b. Special pay : aviation career officers extending period of active duty."

SPECIAL PAY FOR SUBMARINE OR NUCLEAR DUTY

SEC. 4. (a)(1) Subsection (a) of section 312 of title 37, United States Code, is amended by striking out "\$5,000" and "\$4,000" and inserting in lieu thereof "\$6,250" and "\$5,000", respectively.

(2) Subsection (e) of such section is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1983".

(b)(1) Subsection (a) of section 312b of such title is amended by striking out "\$3,000" and inserting in lieu thereof "\$5,000".

(2) Subsection (c) of such section is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1983".

(c)(1) Subsection (a) of section 312c of such title is amended by striking out "\$4,000 for each nuclear service year beginning after September 30, 1975, and ending before October 1, 1981" and inserting in lieu thereof "\$5,000 for each nuclear service year ending before October 1, 1983".

(2) Subsection (b) of such section is amended by striking out "\$2,400 for each nuclear service year beginning after September 30, 1978, and ending before October 1, 1981" and inserting in lieu thereof "\$3,000 for each nuclear service year ending before October 1, 1983".

(3) Subsection (e) of such section is amended to read as follows:

"(e) For the purposes of this section, a 'nuclear service year' is any fiscal year beginning before October 1, 1983."

(d) Section 301(b) of such title is amended—

(1) by inserting "(1)" after "(b)";

(2) by inserting "or, in the case of hazardous duty describe in clause (2) of such subsection, an officer" after "a member"; and

(3) by adding at the end of such subsection the following new paragraph:

"(2) For the performance of the hazardous duty described in clause (2) of subsection (a) of this section, an enlisted member is entitled to monthly incentive pay as follows:

"Pay grade	Years of service computed under section 205						
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10
E-9	\$131	\$131	\$131	\$131	\$131	\$131	\$131
E-8	131	131	131	131	131	131	131
E-7	100	106	106	106	113	119	131
E-6	88	94	94	100	106	113	119
E-5	75	88	88	100	100	106	113
E-4	69	81	81	88	94	100	100
E-3	69	75	75	75	75	75	75
E-2	63	75	75	75	75	75	75
E-1	63	69	69	69	69	69	69
E-1 under 4 months	63						

"Pay grade	Years of service computed under section 205						
	Over 12	Over 14	Over 16	Over 18	Over 22	Over 26	Over 30
E-9	\$131	\$131	\$131	\$131	\$131	\$131	\$131
E-8	131	131	131	131	131	131	131
E-7	131	131	131	131	131	131	131
E-6	119	125	125	125	125	125	125
E-5	119	119	119	119	119	119	119
E-4	100	100	100	100	100	100	100
E-3	75	75	75	75	75	75	75
E-2	75	75	75	75	75	75	75
E-1	69	69	69	69	69	69	69

INCENTIVES FOR ENLISTED MEMBERS TO EXTEND TOURS OF DUTY OVERSEAS

SEC. 5. (a)(1) Chapter 5 of title 37, United States Code, is amended by adding at the end thereof the following new section:

“§ 314. Special pay qualified enlisted members extending duty at designated locations overseas

“(a) Under regulations prescribed by the Secretary concerned, an enlisted member of an armed force who—

“(1) is entitled to basic pay;

“(2) has a specialty that is designated by the Secretary concerned for the purposes of this section;

“(3) has completed a tour of duty (as defined in accordance with regulations prescribed by the Secretary concerned) at a location outside the forty-eight contiguous States and the District of Columbia that is designated by the Secretary concerned for the purposes of this section; and

“(4) at the end of that tour of duty executes an agreement to extend that tour for a period of not less than one year;

is entitled, upon acceptance of the agreement providing for such extension by the Secretary concerned, to special pay for duty performed during the period of the extension at a rate of not more than \$50 per month, as prescribed by the Secretary concerned.

“(b) A member who elects to receive rest and recuperative absence or transportation at Government expense, or any combination thereof, under section 705 of title 10 is not entitled to the special pay authorized by this section for the period of extension of duty for which the rest and recuperative absence or transportation is authorized.”

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

“314. Special pay: qualified enlisted members extending duty at designated locations overseas.”

(b) (1) Chapter 40 of title 10, United States Code, is amended by adding at the end thereof the following new section:

“§ 705. Rest and recuperative absence for qualified enlisted members extending duty at designated locations overseas

“(a) Under regulations prescribed by the Secretary concerned, an enlisted member of an armed force who—

“(1) is entitled to basic pay;

“(2) has a specialty that is designated by the Secretary concerned for the purposes of this section;

“(3) has completed a tour of duty (as defined in accordance with regulations prescribed by the Secretary concerned) at a location outside the forty-eight contiguous States and the District of Columbia that is designated by the Secretary concerned for the purposes of this section; and

“(4) at the end of that tour of duty executes an agreement to extend that tour for a period of not less than one year.

may, in lieu of receiving special pay under section 314 of title 37 for duty performed during such extensions of duty, elect to receive one of the benefits specified in subsection (b). Receipt of any such benefit is in addition to any other leave or transportation to which the member may be entitled.

“(b) The benefits authorized by subsection (a) are—

“(1) a period of rest and recuperative absence for not more than thirty days;

“(2) a period of rest and recuperative absence for not more than fifteen days and round-trip transportation at Government expense from the location of the extended tour of duty to the nearest port in the forty-eight contiguous States and return; or

“(3) round-trip transportation at Government expense of the member and the member's dependents from the location of the extended tour of duty to the nearest port in the forty-eight contiguous States and return.”

(2) The table of sections at the beginning of such section is amended by adding at the end thereof the following new item:

“705. Rest and recuperative absence for qualified enlisted members extending duty at designated locations overseas.”

BASIC ALLOWANCE FOR QUARTERS IN LIEU OF ASSIGNED QUARTERS FOR CERTAIN MEMBERS WITHOUT DEPENDENTS

SEC. 6.(a) The second sentence of subsection (b) of section 403 of title 37, United States Code, is amended by striking out “commissioned officer” and “O-3” and inserting in lieu thereof “member” and “E-6”, respectively.

(b) Subsection (c) of such section is amended to read as follows:

“(c)(1) A member of a uniformed service without dependents is not entitled to a basic allowance for quarters while he is on field duty unless his commanding officer certifies that the member was necessarily required to procure quarters at his expense.

“(2) A member of a uniformed service without dependents who is in a pay grade below pay grade E-7 is not entitled to a basic allowance for quarters while he is on sea duty. A member of a uniformed service without dependents who is in a pay grade above E-6 and who is on sea duty is not entitled to a basic allowance for quarters while the unit to which he is assigned is deployed for a period in excess of ninety days.

“(3) For the purposes of this subsection, duty for a period of less than three months is not considered to be field duty or sea duty.”

PER DIEM ALLOWANCE FOR MEMBERS TRAVELING ON OFFICIAL BUSINESS

SEC. 7. Section 404(d) of title 37, United States Code, is amended by striking out “\$35” and “\$50” and inserting in lieu thereof “\$50” and “\$75”, respectively.

HOUSE TRAILERS AND MOBILE HOMES

SEC. 8. (a)(1) Section 409 of title 37, United States Code, is amended to read as follows:

“§ 409. Travel and transportation allowances: house trailers and mobile homes

“(a)(1) A member, or, in the case of a member's death, the member's dependent who would otherwise be entitled to transportation of baggage and household effects under section 406 of this title, may be provided transportation of a house trailer or mobile home dwelling within the continental United States, within Alaska, or between the continental United States and Alaska (or reimbursement for such transportation), if the house trailer or mobile home dwelling is intended for use as a residence by such member or dependent. Such transportation may be limited to such modes and maximum costs as may be prescribed by regulations under subsection (e) of this section.

“(2) Except as provided in subsection (c) of this section, transportation of a house trailer or mobile home dwelling under paragraph (1) of this subsection is in place of the transportation of baggage and household effects the member or member's dependent would otherwise be entitled to have provided.

“(3) The cost of transportation of a house trailer or mobile home dwelling under paragraph (1) of this subsection may not be more than the total cost of packing, pick-up, linehaul or drayage, delivery, and unpacking baggage and household effects of the member or dependent having the maximum weight authorized for the member or dependent under regulations prescribed by the Secretary concerned.

“(4) A house trailer or mobile home dwelling in transit under this section may be stored up to one hundred and eighty days in accordance with regulations prescribed by the Secretary concerned.

“(b) Any payment authorized by this section may be made in advance of the transportation concerned.

“(c) A member or member's dependent who is entitled to the transportation of baggage and household effects from a place inside the continental United States or Alaska to a place outside the continental United States or Alaska, or from a place outside the continental United States or Alaska to a place inside the continental United States or Alaska, may be provided the transportation of a house trailer or mobile home dwelling under this section, but the total cost to the Government of the transportation of baggage and household effects and the transport of a house trailer or mobile home dwelling may not exceed the cost of transporting baggage and household effects of the member or dependent having the maximum weight authorized for the member or dependent under regulations prescribed by the Secretary concerned.

“(d) The Secretaries concerned shall prescribe regulations to carry out this section.

“(e) In this section, ‘continental United States’ means the forty-eight contiguous States and the District of Columbia.”

(2) The item relating to section 409 in the table of sections at the beginning of chapter 7 of such title is amended to read as follows:

"409. Travel and transportation allowances : house trailers and mobile homes."

(b) Section 403 of such title is amended by adding at the end the following new subsection:

"(k) Parking facilities (including utility connections) provided members of the uniformed services for house trailers and mobile homes not owned by the Government shall not be considered to be quarters for the purposes of this section or any other provision of law. Any fee established by the Government for the use of such a facility shall be established in an amount sufficient to cover the cost of maintenance, services, and utilities and to amortize the cost of construction of the facility over the fifteen-year period beginning with the completion of such construction."

FAMILY SEPARATION ALLOWANCE FOR JUNIOR ENLISTED MEMBERS

SEC. 9. Section 427(b) of title 37, United States Code, is amended by striking out "(other than a member in pay grade E-1, E-2, E-3, or E-4 (four years' or less service))".

EXPENSES INCURRED IN OBTAINING QUARTERS BY CERTAIN MEMBERS ON SEA DUTY WHO ARE DEPRIVED OF THEIR QUARTERS ABOARD SHIP

SEC. 10. (a) Subsection (b) of section 7572 of title 10, United States Code, is amended—

(1) by striking out "officer of the naval service" and inserting in lieu thereof "member";

(2) by striking out ", and who is not entitled to basic allowance for quarters,";

(3) by striking out "an officer of his grade" and inserting in lieu thereof "a member of the same grade without dependents"; and

(4) by adding at the end the following new sentence: "A member entitled to basic allowance for quarters may not be reimbursed for expenses under this section if the member is deprived of his quarters aboard ship at a location at which the member can reside with the dependents upon whom the entitlement to such allowance is based."

(b) Section 3(a) of the Act of August 10, 1956 (70A Stat. 619; 33 U.S.C. 857a(a)), is amended by adding at the end the following new clause:

"(14) Section 757(b), Quarters: accommodations in place of for members on sea duty."

PERMANENT AUTHORITY FOR SUBSISTENCE ALLOWANCES FOR MEMBERS OF MARINE CORPS OFFICER CANDIDATE PROGRAMS.

SEC. 11. (a) Section 209 of title 37, United States Code, is amended by adding at the end thereof the following new subsection:

"(d) Except when on active duty, a member enrolled in a Marine Corps officer candidate program which requires a baccalaureate degree as a prerequisite to being commissioned as a regular or reserve officer and who is not enrolled in program or an academy established under chapter 103, 403, 603, or 903 of title 10 may be paid a subsistence allowance at the same rate as that prescribed by subsection (a) of this section."

(b) The Act entitled "An Act to provide subsistence allowances for members of the Marine Corps officer candidate programs", approved November 24, 1971 (37 U.S.C. 209 note), is repealed.

EFFECTIVE DATES

SEC. 12. (a) The amendments made by section 2 shall only apply to enlistments and reenlistments made after September 30, 1980.

(b) Agreements may not be entered into section 301b of title 37, United States Code, as added by section 3, before October 1, 1980.

(c) (1) The amendments made by section 4(a)(1) shall apply only with respect to active-duty agreements under section 312 of title 37, United States Code, executed after September 30, 1980.

(2) The amendment made by section 4(b)(1) shall apply only with respect to training completed after September 30, 1980.

(3) The amendments made by sections 4(a)(2), 4(b)(2), and 4(c) shall take effect on October 1, 1980.

(4) The amendments made by section 4(d) shall apply only to payment of monthly incentive pay for months after September 1980.

(d) Section 314 of title 37, United States Code, as added by section 5(a), shall take effect on October 1, 1980, and shall apply to periods of extended duty overseas beginning before, on, or after such date, but no payment may be made under such section for any month before October 1980. Section 705 of title 10, United States Code, as added by section 5(b), shall take effect on October 1, 1980, and shall apply only with respect to periods of extended duty overseas beginning after September 30, 1980.

(e) The amendments made by section 6 shall only apply to payment of basic allowance for quarters for months after September 1980.

(f) The amendments made by section 7 shall only apply to travel and transportation expenses incurred after September 30, 1980.

(g) The amendments made by section 8(a) shall only apply to transportation of house trailers and mobile home dwellings which is completed after September 30, 1980.

(h) The amendment made by section 8(b) shall take effect in the date of the enactment of this Act.

(i) The amendments made by sections 9, 10, and 11 shall take effect on October 1, 1980.

There are 11 separate provisions in this package, some of which the President suggested when he spoke to the Navy personnel on the *Nimitz* in Norfolk on Memorial Day. One or two of the others I have asked the staff to add because of interest from members of the committee and very definite indications from the services that they are having some problems in these areas. If it meets the pleasure of the committee we'll go over those just briefly one by one.

Mr. MITCHELL. Very good.

Mr. NICHOLS. The first item is the Family Separation Allowance for junior enlisted members.

We are talking about approximately 35,000 junior enlisted members, who, when sent overseas, and if they are married, the wife or the man would be entitled to a \$30 a month separation allowance. Originally, the concept for this was to offset the cost of not having a man around the house to mow the grass, trim the shrubbery, screw in the light bulbs, and fix the plumbing, and so forth.

It would be paid to E-4's and below; other personnel are currently authorized this payment.

Any questions on that particular item?

[No response.]

Mr. NICHOLS. If there is not, then we'll move on to the second item.

Incidentally, there is a \$13 million projected cost in 1981 for this particular provision. All of these provisions, incidentally, would be applicable to the 1981 budget. They will be effective, if passed, by October 1.

The second provision relates to the trailer allowance.

Currently we allow a man 74 cents a mile to move his trailer if he, should be transferred from Fort Benning, Ga., to, say, Fort Rucker, Ala. I am told that the average cost of moving a house trailer is somewhere around \$1.30 a mile. This would simply remove that 74 cents a mile limitation. The provision would affect some 8,000 Air Force personnel. I don't have the figures from the other branches of the service. There would be a maximum ceiling on this, in effect, of whatever it would cost the Government to move poundage authorized the particular grade in household goods from Fort Benning to Fort Rucker.

Any questions on that?

[No response.]

Mr. NICHOLS. Then we'll move on to the third one, basic allowance for quarters for Navy personnel deprived of shipboard quarters.

This addresses some 6,800 Navy personnel. It applies to both sailors and officers who maintain quarters on board the *Nimitz*, which is now in Norfolk, or other comparable ships in the Navy when in port when the ship has to be retrofitted, painted, or the plumbing or the electrical system has to be fixed, and the man is displaced from those quarters and has to go out on the economy and obtain quarters.

The cost here is about \$10 million and applies only to Navy personnel.

I would say to the committee that I understand the provision would only apply in cases where port berthing facilities were not available or had already been utilized.

Is that right, Mr. Emmerichs?

Mr. EMMERICHS. Yes, Mr. Chairman.

Mr. NICHOLS. Any questions about this provision?

[No response.]

Mr. NICHOLS. All right. We'll move on to No. 4, increases in the maximum enlistment and reenlistment bonus authority.

The present maximum enlistment bonus for a soldier is \$3,000.

This provision would lift that to \$5,000 for enlistment, and would raise the present limit on reenlistment bonuses from \$15,000 to \$20,000. The latter provision I am told would be expressly applicable to nuclear-qualified people, which is a very critical area that we're experiencing, the provision would also grant permanent authority.

Whatever increase would be granted in particular areas, of course, would be subject to the discretion of the service Secretaries.

Any questions on item 4?

[No response.]

Mr. NICHOLS. Then we'll move on to item 5, authorization of optional basic allowance for quarters for single E-7's and above.

Presently only majors and above are provided the choice of accepting quarters or not accepting quarters on base, and, in effect, provided a choice to go out and live on the economy.

This item would modify current law and provide the option for single E-7's and above to live off post if they so desire.

Any questions about that?

Mr. MITCHELL. Mr. Chairman.

Mr. NICHOLS. Yes, sir.

Mr. MITCHELL. Would this provision give Navy personnel who are in port for extended periods the same option?

Mr. NICHOLS. I'm told that is the case, yes, sir.

Mr. MITCHELL. Thank you, Mr. Chairman.

Mr. NICHOLS. No. 6, continuation bonus for pilots.

Mr. Emmerichs, would you explain that one, please?

Mr. EMMERICHS. The continuation bonus for pilots legislation as submitted by the Department would allow up to 4 months' basic pay to pilots with 6 to 18 years of service who agree to stay on active duty. For example, if an individual pilot had 6 years and he agreed to stay on another year he would get up to 4 months' basic pay. It would be discretionary with regard to the amount of that payment, and there is potentially a problem involved here in that the cutoff is at 18 years. So it's conceivable that senior personnel could be getting less than

junior personnel, and, as was discussed at the meeting last week, the possibility of some report language that would attempt to minimize any pay inversions or inversions between rated and nonrated personnel might be helpful.

Mr. MITCHELL. Mr. Chairman.

Mr. NICHOLS. Yes, Mr. Mitchell.

Mr. MITCHELL. This will replace the 25 to 50 percent increase in flight pay? This is a substitute for it?

Mr. EMMERICHS. No. 25 percent is the Nunn-Warner.

Mr. MITCHELL. OK, 25 percent is the Nunn-Warner. So this is in addition to the 25-percent increase?

Mr. EMMERICHS. Yes.

Mr. MITCHELL. Thank you, Mr. Chairman.

Mr. NICHOLS. Any questions from other members?

[No response.]

Mr. NICHOLS. All right. Let's move on to No. 7, increase in per diem for TDY.

Presently we are paying \$35 per day for TDY when a man is away from his outfit on official business. This would be raised to \$50 per day, and in high-cost areas, so designated, it would be raised from \$50 to \$75 a day.

Let me say that this provision is consistent with the provisions in the civil service bill which was passed by the House by an overwhelming vote, about 2 weeks ago. These are the same rates that we're paying civil service, and this amounts to \$102 million, which is about half of the overall cost of the projected bill.

Any questions about that?

Mr. HUTTO. Mr. Chairman.

Mr. NICHOLS. Mr. Hutto.

Mr. HUTTO. Mr. Chairman, how would you go about determining whether it be \$50 or \$75 in the high-cost areas? What is the determining factor there?

Mr. NICHOLS. It is based on the actual expenses incurred by members ordered to those areas.

Mr. HUTTO. Thank you, Mr. Chairman.

Mr. NICHOLS. No. 8, incentive pay for overseas extension.

Mr. Emmerichs, will you explain this item, please. There is a net reduction of \$3½ million in this one.

Mr. EMMERICHS. This proposal would authorize a payment in a variety of forms to individuals who are overseas for a standard tour and then agree to stay in that area in that job for an additional period of time of at least a year.

It's designed to address a problem that exists with regard to the so-called space imbalance skills, skills that have over 55 percent of their authorized spaces overseas. If 50 percent of the spaces were overseas, you could rotate personnel every 2 years, and everybody would spend 2 years back in the States. But if there's more than 55 percent of the spaces overseas, the time in the States gets less and less, depending on the percentage of people overseas.

This proposal would provide an additional payment of up to \$50 a month to a individual in this skill who agrees to stay on. Alternatively, he could choose 30 days of nonchargeable leave or, alternatively, 15 days of nonchargeable leave plus travel for himself to Conus and

back, or alternatively, travel to and from Conus for the service member himself and dependents. He could choose one of those options if he agreed to stay on for at least an additional year.

Mr. NICHOLS. Any questions about this one?

Mr. EMMERICHS. If I might, Mr. Chairman, just add that there is a projected savings here in the steady state, because the costs of moving the individual back and moving a new individual over, would be more than enough to offset the cost of the pay or the leave.

Mr. MITCHELL. Mr. Chairman.

Mr. NICHOLS. Yes, Mr. Mitchell.

Mr. MITCHELL. I have a question on the previous provision which I would like to ask Mr. Emmerichs.

Does the Secretary of Defense designate the high-cost areas?

Mr. EMMERICHS. Basically every time somebody goes on a trip they have certain expenses and, based on the expenses over time, the Per Diem Committee is the one that really assesses this, the Per Diem, Travel and Transportation Committee. It's a Department of Defense determination.

Mr. MITCHELL. Thank you, Mr. Chairman.

Mr. NICHOLS. Let's move on to the next one, charge for mobile home spaces.

There is no money involved in this. I understand it's simply an extension of the present facility policy we use.

Any questions about that one? I should think there would no controversy about this.

[No response.]

Mr. NICHOLS. The next one is No. 10, extending authority for platoon leaders class subsistence.

This is simply extending the current law, which expires on September 30. It would provide \$100 per month to platoon leader class candidates and addresses the Marine Corps "ROTC program." Is that right, Mr. Emmerichs?

Mr. EMMERICHS. Yes, Mr. Chairman.

Mr. NICHOLS. A million dollars.

Any problem there?

[No response.]

Mr. NICHOLS. All right. Let's go to the final one, submariner pay.

I would state to the members of the committee that we have some real problems in our retention of our people who operate our submarines. Let me just give you some figures here. Our current retention rates are declining quite drastically. We were in 1976, 4 years ago, retaining 70 percent of our people who had 11 to 14 years of service. In 1979, 3 years later, we were retaining only 53 percent of these people. The current shortages in the 10- to 20-year groups of people in our submarine service are upwards to 50 percent.

Mr. Bennett has been very much concerned about this, the chairman of our Seapower Subcommittee, as has Chairman Price.

I am going to ask Mr. Emmerichs to outline the provisions of this particular item in the bill. Do you have a chart that you were going to show?

Mr. EMMERICHS. Yes, Mr. Chairman. We can pass out the same charts that we handed out last week on the manning of the submarine force.

The problem demonstrated on these charts on the enlisted side is in terms of the senior petty officers with over 10 years of service. Significant shortages are beginning to show up. To some extent, that would be addressed by certain elements of other proposals. For example, extending the selective reenlistment bonus out to 14 years of service is covered under the Nunn-Warner amendments, as is an increase in sea pay with immediate implementation so individuals with large amounts of sea duty would benefit from these two proposals.

In addition, as covered earlier today, the increase in the maximum selective reenlistment bonus from \$15,000 to \$20,000 would be directed, again, to a large extent to the career nuclear petty officers.

In addition, a 25-percent increase in submarine pay for enlisted personnel is suggested. They are today paid the same rates as enlisted personnel who are on air crews. In the Nunn-Warner amendment the flight pay for enlisted personnel is increased 25 percent, and the same increase is suggested here.

For officers, today in terms of their manning they are generally short of requirements in all years of service, and a shortage of 30 percent in the desired accession rate is being experienced today.

Today, they get three types of bonuses in addition to submarine pay. They get a Nuclear Accession Bonus of \$3,000. The proposal would increase it to \$5,000. They are, following their initial obligation, after 6 years of service, eligible for a Nuclear Continuation Bonus of \$20,000 today for a 4-year extension. What would be suggested here is a 25-percent increase in that to \$25,000.

Finally, after 10 years of service they are eligible for Career Incentive Pay of \$4,000. The suggestion is that that be increased by 25 percent, up to \$5,000.

The authority to pay these bonuses to the officers expires September 30, 1981, a year from this September, and it is proposed that the expiration date be extended for 2 years beyond that. Finally, this proposal should be considered as an interim step to stabilize the trends that are being shown today, and then to consider this later on in more depth to try to focus in on some of the more specific problems.

Mr. MITCHELL. Mr. Chairman.

Mr. NICHOLS. Yes, Mr. Mitchell.

Mr. MITCHELL. I strongly support the entire package. I think it's sorely needed. It's an excellent supplement to Nunn-Warner, and I'm pleased that it's so comprehensive, that we're touching so many bases. It sends a strong signal to the Active Duty Forces that we do appreciate the service they render and the sacrifices they make in the defense of our Nation. It should go a long way toward attracting and retaining personnel and filling in those gaps we have in the services.

If it's in order, Mr. Chairman, I would like to move the adoption of the entire package.

Mr. NICHOLS. Let me see if anyone else wants to make any comments before we move in that direction.

Mr. Emery.

Mr. EMERY. No questions. Thank you, Mr. Chairman.

Mr. NICHOLS. Mr. Hutto.

Mr. HUTTO. No. Thank you, Mr. Chairman.

Mr. NICHOLS. Anyone else? Mr. Mavroules

Mr. MAVROULES. I have no questions, Mr. Chairman.

Just that I wish to commend you and the minority leadership and the other members who have put so much time into this bill here, and I feel that it should be known to the public, the intent and the depth in which you went into this. I congratulate you on your report.

Mr. NICHOLS. Thank you, Mr. Mavroules.

Mr. Wyatt.

Mr. WYATT. I, too, associate myself with the gentleman from Massachusetts in his remarks. I think an excellent job has been done.

Further, I think it's important for the people of this country to recognize that we are attempting to help the services to increase retention, that if this isn't done—and maybe we may even have to go further than we are as we lose more and more personnel—we are facing very dire consequences in the military. I think that without legislation such as this, the time will come when we are going to have to look very closely at conscription if this doesn't work. Hopefully, this is what is needed and is necessary, and the chairman is to be commended.

Mr. MITCHELL. Mr. Chairman.

Mr. NICHOLS. Yes, sir.

Mr. MITCHELL. I would like to join in commending you, too, for the splendid job you've been doing. I know one of the criticisms of people in the services has been that Congress didn't seem to care what was going on and Congress seemed to be cutting benefits and taking away privileges that were in place. I just want to say you've done a marvelous job since you've been the chairman of this committee towards the restoration of benefits, and this certainly is a giant step in that direction towards reversing that trend of taking rather than giving.

Mr. NICHOLS. Let me just respond to all of your over-generous remarks.

I feel this way about our military: We have a lot of people that beat their breasts and say, "Oh, I think we ought to go to the draft. I think every man ought to serve his country." I share that very strongly. But the problem is, we live in a real world, and the votes are just not in this Congress to do that. Now, if you accept that premise, then it seems to me that we have to take the current all-volunteer concept and do the very best we can with it. It's not as bad, I think, as some people make it to be. It behooves those of us who serve on this committee to try to ferret out ways where we can make the services more attractive, and certainly pay is one of the areas that I feel we ought to progress in.

Mr. Mitchell, do you have a motion?

Mr. MITCHELL. Yes. Mr. Chairman.

I move the adoption of this entire package.

Mr. NICHOLS. Is it seconded?

Mr. EMERY. Seconded.

Mr. HUTTO. Seconded.

Mr. NICHOLS. Seconded by Mr. Emery and Mr. Hutto.

I believe this calls for a rollcall. I'll instruct Mr. Emmerichs to call the roll.

Mr. EMMERICHS. Mr. Chairman, on this vote, there were 11 ayes and no nays.

Mr. NICHOLS. Eleven ayes and no naves, and the bill is approved. I would say to the gentlemen that it's my plan to bring this before the full committee on Tuesday of next week. All of those members on the subcommittee who would like to be listed as cosponsors of this legislation, please let Mr. Emmerichs know.

[A showing of hands.]

Mr. NICHOLS. I believe it's unanimous with those present here.

Is there any further business to come before the subcommittee?

[No response.]

Mr. NICHOLS. If not, we stand adjourned.

[Whereupon, at 10:12 a.m., the subcommittee adjourned.]

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