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97th CONGRESS, FIRST SESSION

Part 2—MANPOWER

(Pages 1–400)

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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1982

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

FIRST SESSION

Part 2—Manpower

(Pages 1–400)

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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1982

THURSDAY, MARCH 19, 1981

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 8 a.m. in room 1223, Everett McKinley Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Schmitt, Kasten, D'Amato, and Rudman.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

MANPOWER AND RESERVE AFFAIRS

STATEMENT OF WILLIAM D. CLARK, ACTING ASSISTANT SECRETARY OF THE ARMY (MANPOWER AND RESERVE AFFAIRS)

ACCOMPANIED BY:

LT. GEN. ROBERT G. YERKS, DEPUTY CHIEF OF STAFF FOR PERSONNEL

MAJ. GEN. WILLIAM R. BERKMAN, CHEIF, ARMY RESERVE

MAJ. GEN. EMMETT H. WALKER, JR., DIRECTOR, ARMY NATIONAL GUARD

BUDGET REQUEST

Senator STEVENS. The subcommittee will come to order.

This morning we are going to hear testimony from Acting Secretary of the Army for Manpower and Reserve Affairs, Mr. William D. Clark and Deputy Chief of Staff of Personnel, Lt. Gen. Robert G. Yerks.

The fiscal year 1982 budget request for Army Manpower and Reserve Affairs is $14,938,200,000. This amount would provide $12,683,900,000 for active military personnel, $955,200,000 for Reserve personnel and $1,299,100,000 for National Guard personnel.

PREPARED STATEMENTS

We also use the usual procedure for closing if necessary. Secretary Clark and General Yerks, please, if you would submit your detailed statements for the record and summarize your oral statement, we will proceed.

We will also file the statements of the Army Reserve and the Army National Guard at this point.

[The prepared statements of Mr. Clark, Lt. Gen. Robert G. Yerks, Maj. Gen. Emmett H. Walker, and Maj. Gen. William R. Berkman follow:]

PREPARED STATEMENT OF WILLIAM D. CLARK
ACTING ASSISTANT SECRETARY OF THE ARMY
(MANPOWER AND RESERVE AFFAIRS)

SECTION I

INTRODUCTION

Mr. Chairman and Members of the Subcommittee:

I am very pleased to have the opportunity to discuss with you the people of your Army and the Army's personnel requirements for fiscal year (FY) 1982.

There have been over two centuries of partnership between Congress and the Army in building the kind of force the Nation needs. I assure you that I will take what steps I can to see that this rapport and the building continue, because I am convinced that it is only through complete cooperation and understanding that we can discharge our joint responsibilities.

The Army and its strength is people. Many of our wisest civilian leaders, soldiers, and scholars long have known that the worth and effectiveness of armed forces rests above all on the people who wear the uniforms, stand the watches, keep the peace and, when called upon, fight the battles.

When I speak of the Army's people, I speak of the soldier, male and female, active and reserve, and the civilian employees who comprise the Total Army. Each has its own roles, problems, and needs. Each brings special values and strengths required in an effective Total Army. All together, these three elements comprise the United States Army. To illustrate these special values and strengths, the reserve force constitutes over one-half of the Army's total deploying force: 53% of Combat Forces, 55% of Combat Support, and 60% of Combat Service Support.

Major challenges face us in the years ahead in the people area. The Army must recruit and retain sufficient numbers of capable soldiers for the Active and Reserve Components and do so in an environment of increased competition for manpower. The Army must compete for a larger share of the available market of young men and women and must provide an adequate quality of life for its soldiers and their dependents. Our civilian employees must be convinced of popular support and they deserve to be. We have a substantial requirement for dedicated and trained civilian employees. While the Army is reasonably able to compete with the private sector for sufficient numbers of capable civilian personnel, it must be recognized that arbitrary, non-workload related reductions often result in losses of critical skills which are difficult to obtain initially and expensive to regain. We have passed the point where further arbitrary reductions can be accommodated by increasing efficiency. We cannot expect our declining work force to continue its high level of performance with no reduction in work load or mission. The civilian level of effort is stretched thin. Our civilian employees are entitled to expect jobs which offer them responsibility, security, adequate compensation, equal opportunity, and professional growth.

Successful recruiting and retention remain key elements in manning the force. In FY 1980, the active Army met its quantitative recruiting objective, improving manning of the force; however, there was a shortfall

in the qualitative objectives resulting in increased attrition rates in training and in units. The male high school graduate achievement was 13,000 below our objective and we continued to fail to recruit a proportionate number of recruits with high test scores. The Army, because of the nature of its mission must have a competitive edge over its competitors for manpower. We need your support in providing us that competitive edge. What success we did have is attributed to the increased emphasis by the Recruiting Command and the increased resources provided by the Congress.

With the help of the Congress, the strength of the Army National Guard and Reserve has taken an upward turn during the last two years. The combined unit strength of the Army National Guard (ARNG) and Army Reserve (USAR) rose from 527,000 (ARNG 341,000; USAR 186,000) at the end of FY 1978 to 574,000 (ARNG 367,000; USAR 207,000) by the end of FY 1980, an increase of 47,000. Even though we recruited more than 156,000 people during FY 1980, we are still more than 115,000 below our unit peacetime objective strength of 689,300. I believe the results of the last two years demonstrate that we can recruit most of the people we need but it is also clear that we have not been effective in retaining the people we recruit. Last year we lost more than 120,000 people. Well over half of them left their units prior to completing the enlistment or reenlistment term of service for which they contracted.

While our FY 1982 total recruiting objective of about 156,000 is within reach, much more needs to be done to improve our rate of retention. We will work harder on this.

In the event of war we will need a pool of trained people to fill unit shortages and to replace casualties during the early stages of a war. The majority of trained fillers we need must come from the Individual Ready Reserve (IRR). As of end FY 1980, we had slightly over 205,000 trained people in the IRR. With the application of the new IRR bonus and improved management, we expect to increase the IRR strength to 255,500 by end FY 1982. Notwithstanding FY 1982 increases (unit and IRR), we will still need approximately 200,000 more people to satisfy the manpower requirements of a major war in NATO--primarily casualty replacements until the draft can provide the trained people we need.

Recruiting quality people to meet authorized military strength levels is one element in sustaining the force. The other element is retaining in the right skills capable soldiers already recruited. In FY 1980, the active Army reenlisted the largest number of soldiers since the inception of the All-Volunteer Army. In spite of aggregate achievements however, the active Army must reverse the decline in retention of mid-career soldiers and solve critical skill shortfalls. The Fair Benefits Package and the Nunn-Warner incentives recently approved by the Congress should help in resolving this issue, but, in themselves, are not enough. The Army will continue to focus on these problems during the remainder of FY 1981 and into FY 1982 by putting more management emphasis and resources on retaining skilled and trained soldiers in the numbers, skills, grades and year groups to meet Army career force needs. Retention of Reserve Component soldiers reaching the reenlistment eligibility window remains high. In FY 1980, the National Guard and Army Reserve were successful in achieving their first term reenlistment goals and we will continue to emphasize the retention of trained Guard and Reserve personnel.

The combination of Active and Reserve Components and civilian support forces in a balanced force that realizes the maximum combat potential from allotted resources make up the Total Force. The three elements of this force are critical to the successful support and operations of each other. Each element is a co-equal partner in providing an Army for which the Nation can be proud.

For FY 1982, we are requesting the strength authorization for the Total Army as shown below:

	End Strength	Average Strength
Active Army	786,300	----
Army National Guard	----	392,800
(Full-Time Active Duty) 1/	(11,439)	(----)
Army Reserve	----	230,300
(Full-Time Active Duty) 1/	(6,285)	(----)
Civilian (Direct and Indirect Hire)	359,916	----

1/ Within the average strengths requested for the two components. Reserve Component members on full-time active duty for the purpose of organizing, administering, recruiting, instructing or training the Reserve Components.

SECTION II

MANNING THE FORCE

The Army is primarily a people-oriented service: The Army's major weapon system is the soldier. Therefore, force readiness begins with people readiness; people to use the equipment on the battlefield--the uniformed soldier--and people to provide support and service to the uniformed soldier--the civilian work force. Our goal is to achieve the required quantity of capable personnel--Active, Army National Guard, Army Reserve, Civilian--for the force and to distribute these personnel to obtain maximum readiness.

The major challenges facing the Army are to recruit, retain, and manage the soldiers we need to man the Active and Reserve Components and maintain adequate numbers of dedicated, motivated and properly trained civilian men and women who are capable of performing the tasks the Army needs.

The declining strength of our civilian work force continues to be a source of particular concern for the future as well as today. We must arrest and if possible, reverse the dangerous trend that is eroding one of the pillars of the total force. Civilian manpower is of critical importance to Army readiness and sustainability. Continued reductions in civilian strength has put the Army in a position where we can no longer do more with less. The Army is already seriously crippled by a long history of reduced civilian manpower. Civilian manpower reductions now cause curtailment or delay in providing essential support and require diversions of soldiers from their primary unit tasks to perform support functions, neither of which is satisfactory-both have an adverse effect on force readiness and cost effectiveness.

The strength authorizations, the incentives, and the initiatives we are requesting for all Components of the Army in this Budget Request, together with dedicated leadership, will help in providing the kind of an Army this Nation needs.

Active Army Enlisted Procurement Program

Active Army Enlistment Procurement Program

In Fiscal Year 1980, the Army achieved its total numerical recruiting objective. However, it did not meet its male high school diploma graduate objective and female objective. Additionally, because of a misnormed enlistment test, a significantly higher number of people who scored 31 or above on the Armed Forces Qualification Test (AFQT) would have scored below

31 on a properly normed test. Thus, the Army enlisted more personnel below the 31 score than planned.

Fiscal Year 1981 will be a challenging year for Army recruiters because the Army wants to recruit more high scoring high school diploma graduates. These individuals have the greatest probability of performing effectively in the force and feeding the NCO Corps of the future. It is a fact that the recruiting market is shrinking, and the Army believes that, above all, resources are the key to achieving our recruiting objectives. We believe we have submitted a balanced package of necessary recruiting resources which, if provided, will allow our recruiters to accomplish their tough job. Additionally, as the Army stated last year, fundamental to the long term future of the Volunteer force is the need to expand a national spirit within which Army service is viewed as a meaningful, valued, productive endeavor for our young people.

Recruiting Objectives

For both FY 1981 and 1982 the Army has expressed its High School Diploma Graduate (HSDG) male and female objective in numbers rather than percent to insure improvement independent of the total objective. We plan to enlist 96,000 HSDG in FY 1981 and FY 1982. We have set this objective to reduce attrition--the attrition rate of HSDG from the Army is about one-half the non-high school diploma graduate (NHSDG) rate. In FY 1981 the Army is to recruit 70% of its nonprior service (NPS) accessions from individuals who score above 30 on the Verbal Math Test. We do this for trainability reasons and to insure an adequate flow of above average people into the career force supervisory positions. The objectives for FY 1981 and FY 1982 are as follows:

	(000)	
	FY 1981	FY 1982
Nonprior Service		
Men	102.8	110.2
Women	24.6	25.6
Prior Service	18.0	17.0
TOTAL	145.4	152.8
HSDG		
Men	75.0	75.0
Women	21.0	21.0
Verbal Math 16-31 Ceiling		
Men	30%	25%
Women	30%	25%

Recruiting Resources

To achieve our FY 1982 recruiting objectives the Army will need $498.6 million in a balanced package of resources. I must note that this figure cannot be compared to the "Big Six" we have reported in the past because at the Congress's direction, four additional categories have been added and the composition of some categories has changed.

	$ Million
Military Pay 1/	150.6
Civilian Pay	22.3
Enlistment Bonus	89.0
Advertising	73.3
Recruiter Aide Support 2/	20.9
Recruiter Support	93.7
HQ Support (ADP) 3/	5.8
Communications	18.8
Training	4.3
Facilities 4/	19.9
	498.6

1/ Includes pay for recruiters and recruiter aides.
2/ Includes travel and TDY.
3/ Includes Request/Enlisted Training Attrition Management System requirement.
4/ Includes leased recruiting stations. Does not include examining stations.

The US Army Recruiting Command (USAREC), although made-up of a mix of military and civilian personnel, is not unlike any large corporation. There is a product to sell--service in the US Army--and a market--our potential soldiers and their influencers--which must be convinced that our product is worthwhile. We must have salespeople, advertising, visual aides, cars, and other support items to assist the salespeople (recruiters) in selling the Army. Unfortunately, when trying to predict human behavior, the Army--again like any large corporation--cannot be precise. We know that a balanced package of resources is needed. For example, the recruiter cannot reach enough prospects without advertising. Without a vehicle, the recruiter cannot visit the prospects attracted through advertising. However, predicting exactly how much of each type of recruiting resource will accomplish the recruiting mission is just impossible. For that reason the Army must have the flexibility to shift recruiting resources rapidly when shifts in the market become evident. In the FY 1981 Appropriations Act, the Congress relaxed, somewhat, the very tight reins they held on the Army's recruiting resources. We request additional flexibility in managing FY 1982 resources. The Army seeks authority to expend recruiting resources within the total appropriated in the manner deemed appropriate by the Army to be best as the recruiting year progresses without having to gain prior Congressional approval for shifting of resources between recruiting programs. Such authority would alleviate the long delays and tremendous administrative burden in obtaining simple reprograming authority.

Military and Civilian Pay, the Recruiter Force

To accomplish the mission of improving the recruiting of high school graduates, the size of the recruiter force is an important element. More time and effort are required to recruit in this market because high school seniors (HSSR) and graduates are the youth with the least propensity to enlist, and are the most heavily recruited by other Services, colleges and employers. The budget for FY 1982 will maintain USAREC production recruiter strength at the same level as it was in the FY 1981 budget.

To accomplish the mission outlined earlier, the Recruiting Command is requesting a permanent party of 8,988 military and 1,133 civilian personnel for FY 1982. Of the military personnel, 5,849 are field recruiters and 251 are professional development noncommissioned officers. The remaining personnel provide the necessary leadership, management, and support functions. The Army has placed great emphasis on maintaining at 100 percent of authorized strength, the field recruiter force who must "close the deal" with the potential enlistee. Keeping the dedicated recruiting force up to strength continues to be a difficult task because these people must work long and hard to achieve their missions.

Recruiter Support

More so than in past years, because of the reduced recruiting market, Congressional constraints and the Army's objective to enlist more high scoring high school diploma graduates, the Recruiting Command will require increased resources in FY 1982 to support and enhance the active recruiting structure. The resources to support the recruiting force include travel funds, operating equipment, supplies, transportation, training, and exhibits. In addition, we must make a significant capital investment in the USAREC infrastructure in terms of a recruiter sales management system in order to prepare for the difficult years ahead.

The items for which resources are requested in this budget provide critical tools and support to the recruiting effort and are directly related to the increased production recruiters and the operation of the field recruiting activities. They represent necessary "tools of the trade" without which it would be impossible for the recruiter force to accomplish their missions.

Recruiter Aides

Because the Army must recruit 96,000 high school graduates in FY 1982, the Recruiter Aide program takes on an added importance. Personal indorsements are one of the most effective ways of interesting an individual in a product or service. The Army uses this method in its recruiting effort through the Recruiter Aide program. The Army identifies dedicated young soldiers during their initial training or early in their first unit assignment and sends them on a voluntary basis back to their home town to assist recruiters in their effort to recruit for the Army. The normal duration of this assignment is 30 days. The aides help the recruiting effort by relating their honest experiences of Army training to friends, schoolmates, teachers, parents and community leaders. Since they know the type of individual the Army needs, and they know personally the target audience, they can uniquely seek out, influence and bring to the recruiter good potential enlistees.

The Recruiter Aide program is especially effective because it can be started on short notice and focused on specific Army requirements (high school diploma market, hard to recruit skills, geographic area). The recruiter aides need support from other recruiting programs, such as advertising and the enlistment bonus, to be fully effective. Resources for recruiter aides were increased substantially in the FY 1981 Budget and are maintained at the same level in FY 1982 Budget because of the increased effort to recruit more HSDGs. We plan on using an average sustained level of 1,435 aides per month.

Advertising

The primary purpose of advertising is to make people aware of what the Army offers and encourage those qualified to consider joining the Army. Simply put, we want to increase leads and visits to the recruiting stations by those youth who are trainable and retainable. We are especially concerned that we communicate effectively with the high school seniors and HSDG who score above 50 on the entry test. This requires a thorough, accurate picture which communicates opportunities for technological skill training, other job related training, education benefits, personal growth and patriotism. We are testing improvements in the Army and Congressional initiatives on education assistance. We are also experimenting with the 2-year enlistment option and expanded bonuses. All of these initiatives are designed to increase traffic from among youth who in recent years have chosen not to serve. We want them to know they can serve themselves while they serve the country and gain the chance to learn of and realize their potential.

To continue the numerically successful recruiting of FY 1980 trends and adhere to Congressional constraints, we must have continuity in our advertising effort in FY 1981 and 1982. Advertising messages must be seen and heard repeatedly by our audience. Not only must we raise the knowledge level of new offers, but the message is perishable and must be reinforced.

We believe that advertising is an efficient and cost-effective tool in accomplishing its support function in the recruiting process. Reaching prospects and their influencers takes a wide range of messages delivered from a variety of media, on both a national and local basis.

Army Enlistment Bonus Program

Despite the wide range of enlistment options available, we continue to have difficulty attracting and retaining sustantial numbers of soldiers in all the skills the Army needs. The enlistment bonus is the principal accession management tool that is available to insure that each skill area, especially the combat arms and hard-to-fill skills, receives adequate numbers of enlistees and a proportional share of high school diploma graduates. We are requesting $89.0 million in the FY 1982 Budget for enlistment bonuses.

One area in which we may be needing help is in extending the enlistment bonus to 3-year enlistees in critical skills. To an 18 year old, four years is a big part of his life. We believe reducing the requirement to three years may improve recruiting significantly.

Educational Incentive

Public Law 94-502 established the Veterans Educational Assistance Program (VEAP) to supersede the GI Bill. VEAP is a contributory education incentive designed to increase accessions and retention. As an education incentive for accessions, the basic VEAP was in no way competitive with the many alternate methods available outside of the military for funding a college education. A motivated young person could readily obtain the financial equivalent of a GI Bill without ever having to be a GI. To make VEAP more attractive, the Army, with the approval of the Secretary of Defense, has continued to adjust the dollar value of the VEAP incentive. In the present education assistance test, we are testing in 18% of the country a VEAP incentive that allows a soldier to accumulate up to $15,200 for 2-year enlistment and $20,100 for 3- and 4-year enlistments. The testing of the ultra VEAP began on 1 October 1980. It is still too early to report results. The result will be compared with the relative attractiveness of other education incentives, "mini" GI Bill and non-contributory VEAP in other parts of the country. We have about $10.6 million in the FY 1982 Budget to support the VEAP "kicker" program.

Reserve Component Enlisted Procurement Plan

During FY 1980, the Reserve Components achieved an increase in strength. While the strength increases were modest, we are encouraged by the prospects offered by the incentives and programs we now have. Enhancement to these initiatives and programs should result in additional increases in the future. The management of over three quarters of a million unit and individual members of the Reserve Components is complex and challenging and involves the participation by and support of the Congress, the Army, state and local governments and equally important, the Nation's employers.

The men and women who fill the ranks of the Reserve Components must be convinced of the support they rightfully deserve. They must believe that their contribution to the security of this Nation is understood and appreciated. This budget aims resources and programs to enhance the effectiveness of the Reserve Components to perform their mission and to improve the welfare of the people who fill the ranks of the units.

Recruiting Objectives

The table below shows our FY 1980 results and what is reflected in the FY 1982 Budget for FY 1981 and 1982 for the Army National Guard and the Army Reserve.

Army National Guard

	FY 1980 (Actual)	FY 1981	FY 1982
NPS Males	45,484	45,100	44,000
NPS Females	4,830	5,500	5,500
NPS Total	50,314	50,600	49,500
Prior Service*	43,672	41,379	43,300
TOTAL	93,986	91,979	92,800
HSG NPS	61%	60% 1/	60% 1/
TC IV	10.1%	35% 2/	35% 1/

US Army Reserve

	FY 1980 (Actual)	FY 1981	FY 1982
NPS Males	17,509	20,076	20,076
NPS Females	8,430	7,423	7,423
NPS Total	25,939	27,499	27,499
Prior Service*	33,509	33,463	34,097
TOTAL	59,448	60,964	61,596
HSG NPS	54%	60% 1/	60% 1/
TC IV	16.6%	35% 2/	35% 1/

1/ Department of Army goal.
2/ Ceiling. Applied separately for males and females.
NPS - Non-prior Service.
HSG - High School Graduate.
TC - Test Category.
* Excludes Full-Time active duty.

The prior service market will continue as a major source of accessions in the Reserve Components.

Reserve Component Recruiting Resources

Displayed below is the package of resources we are requesting in the FY 1982 Budget to enable us to meet our objectives:

FY 1982 ($ Millions)

	ARNG	USAR
Military Pay	42.7	30.4
Civilian Pay	2.1	6.3
Enlistment Incentives	24.5	13.5
Advertising	6.0	14.2
Recruiter Aide Spt	2.4	1.1
Recruiter Support	7.8	20.7
HQ Spt (ADP)	0.2	-
Communications	2.0	-
Training	2.0	0.9
Facilities	-	-
TOTAL	89.7	87.1

Recruiter Force, Military and Civilian

Requirements to bring the strength up to desired and required levels have placed a heavy production demand on the recruiter force. This is an

extremely important element of our force and your support is needed to achieve the recruiting force necessary to attain the paid drill strengths requested in the FY 1982 Budget. For FY 1982, the ARNG is requesting a total recruiting force of 2,071 of whom 1,593 are production recruiters. For FY 1982, the USAR is requesting a recruiter force of 1,735 of whom 1,565 are production recruiters. The USAR provided 25 spaces to the Army Surgeon General for use in establishing an Army Medical Department professional procurement program during FY 1980.

In the Reserve Components, a demand is placed on unit commanders and unit members to assist in the recruiting effort. This is accomplished by giving referrals to the recruiting force and by their personal contacts in the civilian community.

Enlistment Program

The enlistment bonus experience in FY 1980 for both the Army National Guard and Army Reserve was encouraging. There were 11,740 bonus takers in the ARNG and 5,976 in the USAR. The educational assistance incentive was not enthusiastically received in FY 1980. There were 222 recipients in the ARNG and 274 in the USAR.

Enlistment incentives for the Selected Reserve have been offered since December 1978. A choice between an enlistment bonus of $1,500 or educational assistance of up to $1,000 per year to a maximum of $4,000 total can be selected by qualified enlistees who have critical skills or join high priority selected Reserve units. Today over one-half of the Army's Reserve Component units can offer these incentives.

We have provided a variety of enlistment options for the Reserve Components which permits an individual the opportunity to serve a portion of his or her obligation in a Selected Reserve unit and the remainder in the Individual Ready Reserve (IRR) or Inactive National Guard (ING).

3 years Unit/3 years IRR/ING
4 years Unit/2 years IRR/ING
5 years Unit/1 year IRR/ING
6 years Unit/0 years IRR
0 years Unit/6 years IRR

For those electing to serve 6 years in Reserve units, the split-training option is offered Reservists. Split-training provides students and seasonal workers the opportunity to complete their Inactive Duty for Training (IADT) by performing Basic Training (BT) and Advanced Individual Training (AIT) at separate times, primarily during off-season periods of their civilian schooling or occupation. This option has opened the doors to potential recruits who otherwise would not enlist because of educational or occupational conflicts. During FY 1980, 7,999 Reserve Component members enlisted for this option.

Enlistment Bonuses

A qualified individual may, upon enlisting for six years in a high priority unit, elect the enlistment bonus incentive. That individual will receive:

$750 paid upon successful completion of AIT
$200 paid at end of second satisfactory year
$200 paid at end of third satisfactory year
$350 paid at end of fourth satisfactory year

Or, the individual may select educational assistance, receiving up to $1,000 per year in college tuition. The total may not exceed $4,000 for four years. To be eligible, the individual must fulfill the requirements or satisfactory participation in a Selected Reserve Component unit.

Active Army Retention Program

In FY 1980 the active Army achieved aggregate reenlistment objectives and by doing so, contributed to desired growth in the "over 3" career content. By end FY 1980, the strength of the career force reached 330 thousand, an increase of about 10,000 over the previous year. In spite of these achievements and reversal of the five year decline in mid-career reenlistment rates, critical shortages of middle and senior grade NCOs continue to exist in combat arms, intelligence, and other highly specialized technical skills. As indicated in the following table by the higher rates required, achievement of total reenlistment requirements in FY 1981 and FY 1982 are more difficult, but achievable.

	FY 1979 (Actual)	FY 1980 (Actual)	FY 1981	FY 1982
First Term				
Objective	22,920	22,234	20,000	22,100
Achieved	26,528	25,028	---	---
% Achieved	115.7	112.6	---	---
% Eligibles	43.0	50.6	54	55
Career				
Objective	55,170	57,470	61,600	63,700
Achieved	54,204	57,158	---	---
% Achieved	98.2	99.5	---	---
% Eligibles	66.4	69.4	71	71

In FY 1981 and 1982, the Army will continue to shift management emphasis and tailor resources to improve retention of experienced middle and senior grade NCOs in critical skills. In line with this shift, the reenlistment objective system has been revised to focus on retention of mid-grade soldiers (objective added for careerists with up to 10 years of service) and soldiers nearing Expiration of Term of Service (ETS) (objective reflects need for retention of soldiers in the reenlistment eligibility window--6 months to ETS for inital termers and 3 months to ETS for careerists). The following table presents FY 1981 objectives and year to date achievement under the new objective system.

	FY 1981 Total	YTD thru December 1980		
	Objective	Objective	Achieved	% Achieved
Inital Term	27,500	6,650	6,911	103.9
Mid-Term	19,700	4,707	4,880	103.7
Career	14,300	3,846	4,314	112.2
Total	61,500	15,203	16,105	105.9

Major active Army reenlistment initiatives for FY 1981 and 1982 are described below.

The Selective Reenlistment Bonus (SRB) Program is absolutely essential to ensure reenlistments in skills where retention levels are insufficient to man the career force. In FY 1981, the Army was provided the authority to increase the maximum SRB payment from $12,000 to $16,000 and to pay SRB to soldiers in critical skills with 10 to 14 years of service. FY 1981 MPA Appropriation contains $124.6 million for new payments, of which a large portion is slated for careerists in combat arms, intelligence, and other critical skills. Included in this total is an additional $25 million which was provided by Congress to further assist in mid-career retention. In FY 1982 $122.6 million is budgeted for new SRB payments. An additional $25 million is required to continue emphasis on retention of combat arms NCOs.

RETAIN, the Army's automated reenlistment and assignment reservation system, provides reenlistment NCOs with immediate information critical to their efforts in matching soldiers reenlistment desires against the needs of the Army.

In FY 1980, 27 RETAIN terminals were provided to Europe, 1 to Panama and 1 to Korea. Overseas expansion continues in FY 1981 with additional terminals to Korea. This will provide these overseas locations with the same quick response to soldiers' queries that CONUS, Alaska and Europe now enjoy. RETAIN costs are $3.4 million in FY 1981 and $2.9 million in FY 1982.

Based on success of the highly popular CONUS-to-CONUS reenlistment option for first term soldiers (over 5,000 reenlistments in FY 1980), a pilot program was initiated on 1 November 1980 which permits careerists in the rank of E-6 and below to reenlist for selected CONUS installations with 12 months stabilization. This will assist to improve retention of the mid-grade careerist.

The nucleus of the reenlistment operation is the reenlistment NCO. In FY 1981 the number of reenlistment NCOs is being increased by 250 to place a full-time professional NCO in the majority of the Army battalion size units. Total reenlistment NCO authorizations will reach 967 by end FY 1981.

Effective January 1981 active Army units began the mission to advise and inform separating soldiers about Army National Guard and Army Reserve service opportunities. Previously, mandatory orientation briefings on Reserve Component options were conducted principally at separation-transfer points. In-service recruiters have been directed to work more closely with units to strengthen the linkage between active Army service and reserve unit service. In-service recruiters are full-time active duty Guard and Reserve senior NCOs. They refer, transfer, or enlist separating soldiers into drilling units of the Reserve Components and make referrals back to the reenlistment counselors.

Reserve Component Retention Program

Continually more emphasis is being placed on retention. Reserve Component reenlistment goals are set to enhance strength maintenance, consistent with career progression objectives and force content goals. The table below shows performance for FY 1980 and the goals for FY 1981 and 1982.

Reenlistment Goals

	FY 1980 (Actual)		FY 1981		FY 1982	
	ARNG	USAR	ARNG	USAR	ARNG	USAR
First Term						
Goal 1/	50%	50%	53.2%	50%	53.2%	50%
Achieved	10,506	4,302				
% Achieved	53.4	50.4				
Career						
Goal 1/	68%	80%	72.4%	80%	68.3%	80%
Achieved	72,630	25,744				
% Achieved	71.0	76.5				

1/ Based on percent of eligibles.

Reserve Component Reenlistment Bonuses

A qualified individual reenlisting in a high priority unit for 3 to 6 years may receive bonuses as follows:

	3 Years	6 Years
Initial Payment upon Reenlistment (½ Total)	$450	$ 900
Subsequent Payment Annually	$150	$ 150
TOTAL	$900	$1,800

The Reserve Components will emphasize the reenlistment bonus as their major reenlistment initiative for FY 1981 and 1982. The bonus focuses on those eligible members of high priority units and those holding critical MOS's.

In addition, last year we obtained legislation for payment of an IRR/ING reenlistment bonus to attract unobligated members leaving the active Army, the Army National Guard, and Army Reserve. A $600 bonus is awarded for a 3-year reenlistment extension with $300 paid upon reenlistment and $100 paid at each anniversary. This initiative began in January 1981 and has significant potential to increase the IRR/ING strength at low cost. Payment is made upon verification of address and status.

Reserve Component Attrition

Attrition in the Reserve Components takes on a different perspective than with the Active component. Since Reservists are soldiers who train part-time, the reasons for attrition are often different. For example, since Reservists are living at home, very few are discharged for reasons of hardship or dependency. Further, many losses to Reserve Component units represent a change in status and not a loss to the Total Army. For example, 8,000 to 10,000 attrition losses each year have been for the purpose of going on active duty. Also, many of those are lost to units because they move to an area where there are no units within reasonable commuting distance.

A positive effort is being made by both the Army National Guard and the Army Reserve to get information to the unit level commanders and their staffs to aid in managing, and hopefully reducing, attrition losses. We are also making a concerted effort to track individuals when they leave one component to determine their status. The Army National Guard established in FY 1979 an Attrition ManagementWork Group to assist and give ideas on ways and means to control and reduce attrition losses. The greater numbers of full-time manning people in Reserve Component units should improve training and administration of these units which should have a positive effect on reducing attrition losses.

Individual Ready Reserve (IRR)

The strength of the Individual Ready Reserve fell from over one million in FY 1972 to 168,600 at the end of FY 1978. The strength at the end of FY 1980 rose to 205,296 and is projected to increase to 348,000 by the end of FY 1986. The projected strength increases are attributed to a combination of administrative and management initiatives, reenlistment programs, and by-products of other programs for the Active Component and Selected Reserve. However, even with this increase, the trained strength shortfall will not be totally eliminated.

Programs to increase the number of people in the IRR include the following:

All individuals leaving the Active Army and the Selected Reserve prior to the end of their enlistment are being screened to ensure that those having mobilization potential are transferred to the IRR.

The $600 IRR/ING bonus program is designed to attract soldiers who have finished their six-year service obligation and to encourage present members of the IRR to reenlist. The FY 1982 Budget request includes funds for the continuation of this program.

The Army no longer allows time enlistees serve in the Delayed Entry Program to count toward fulfillment of the six-year military service obligation.

As Army members leave the Active forces and are transferred to the IRR, they are being matched with mobilization station assignments and given orders telling them where to report upon mobilization.

Inactive National Guard (ING) personnel are programed to increase in numbers by a closer management on the part of the States, and by applying in FY 1982 the same incentives as for the IRR. The ING allows individuals to retain National Guard affiliation and be called upon when units to which they are assigned are mobilized.

Attrition management as previously discussed is being applied to help preclude the loss now experienced in unscheduled service termination. A number of actions previously mentioned will also aid in the growth of the IRR and ING.

We will continue to analyze our programs and performance and make adjustments as needed to revise our projections from year to year.

Women in the Total Army

Women provide a valuable service to the Total Army. They are being utilized in a variety of occupations and at almost every level of importance, including top management.

In the active Army, as of the beginning of FY 1981 there were 7,609 officers and 61,351 women enlisted soldiers serving in all but the combat specialities in units throughout the world. The Army has been directed to achieve a women enlisted strength in the active force of 87,500 by FY 1986. However, the increasing numbers of women the Army must recruit, train, integrate in units and retain have brought to light many new challenges. Women--once thought to be free in terms of recruiting expenditures--are not flocking to recruiting stations to enlist in the wide range of skills available to them. We find that women still desire to enlist in those traditional fields in which women work in civilian life. To achieve quantitative objectives at current resource levels, the Army began recruiting women who had not graduated from high school which increases significantly first term attrition rates. In units, pregnancy remains as a problem. Retention of women is also an area of concern in that women are reenlisting at a lower rate than men. The Army has taken strong action to eliminate sexual harassment and, while it may never be eliminated entirely, we are moving in the right direction on this issue.

The table below reflects the Reserves' performance with respect to the number of women officer and enlisted as of 30 September 1980 and our projected objectives for FY 1981 and 1982.

Women in the Army National Guard and Army Reserve

	FY 1980 (Actual)	FY 1981	FY 1982
Army National Guard	16,740	19,364	20,720
Army Reserve	29,131	31,348	34,253
TOTAL	45,871	50,712	54,973

The Army accepts the fact that women may be exposed to combat as a result of their assignments and that some women may become battlefield casualties, given the expected fluid nature of today's and tomorrow's battlefield. Nevertheless, the Army does not propose to change its policy to one that would require the assignment of women to combat MOS's or to combat units that would routinely engaged in close combat.

The Army Staff is currently taking a new look at the entire issue of women soldiers.

When we talk of women in the military, we generally think in terms of those women in the active military, however, we have a high number of women in the civilian component. We also provide both enhanced employment job

opportunities and job progression opportunities for all women in the civilian work force.

The Army's career programs provide for the intake and progression of women into the mainstream of mid and higher grade level positions in technical, paraprofessional and managerial occupations. The numbers of women entering career programs have steadily increased in both the engineers and scientists and the non-engineers and scientists career occupations. For example in June 1978, women held 7.4% of the engineers and scientists positions. In June 1979 those numbers had increased to 15.3% and 46.3% respectively. By 30 June 1980 their representation in these two areas had increased to 20.1% and 52.3%. During these same time periods we experienced steady increase in numbers of women in the middle level positions - GS-11-12; upper level positions - GS-13-14; and in top management positions GS-15 and above.

People Support and Personnel Readiness

While the demands of military service place special hardships on soldiers and their families, the Army, nonethelss, requires soldiers to be uniquely dedicated, responsive, and ready to perform military duties. These special circumstances present both challenges and obligations not only to the individual soldier and family member, but also to the Army. The Army's Quality of Life program addresses this obligation to provide adequate housing, health care, pay, education, facilities maintenance, and essential community/morale-welfare-recreation activities in order to foster soldiers' readiness and commitment to serve wherever needed around the world, and families' support of that commitment.

Compensation intiatives enacted in FY 1981 have resulted in substantial first step improvements in the quality of life of our soldiers. While the FY 1982 budget includes additional permanent change of station reimbursement increases and retention of the Variable Housing Allowance as an entitlement ($196 million), soldiers' pay increases since inception of the all volunteer Army still lag behind those in the private sector. The Army's goals are to regain pay comparability and maintain a stable compensation system that precludes imposing economic sacrifice on dedicated service members.

Notwithstanding the benefits anticipated from the Variable Housing Allowance program which was implemented in October 1980, our soldiers are still encountering severe problems locating adequate and safe housing for their families particularly in overseas locations such as Germany. Additionally, our unaccompanied soldiers continue to live in inadequate barracks at many installations. Throughout the Army we presently have a capability to house in government quarters only about 40% of the families of career soldiers. The Army continues to be concerned about the housing problems of the first term and career soldier.

To address our housing needs, the FY 1982 budget includes $143.5 million for 31 projects to construct or modernize barracks, BOQs, dining and company administrative and supply facilities; $36.9 million for construction of 254 family housing units at Ft. Irwin and 232 at Ft. Drum; and requests authority for 1974 additional leases for European housing. We must continue to construct and upgrade our barracks, bring more family housing units into the system, and provide additional government leased housing in Europe.

For both the single and married soldiers, we must be concerned about providing for their morale, recreation, religious and community needs. To begin to reduce our community facility construction backlog, the FY 1982 budget includes $11 million for design and $79 million for construction of facilities such as physical fitness centers, auto craft shops, chapels, multi-purpose recreation centers and child care centers. It also includes $199 million to continue operation of community morale, welfare and recreation activities, but excludes funds, due to higher priority requirements, for needed operational improvements in physical activities, child care and other community activities.

That health care is a critically important retention issue needs no explanation. Efforts in FY 1982 to improve our health care capability include funds to add 140 military physicians. The budget also requests the addition of 300 ancillary health care support personnel, primarily to replace those lost in prior years because of cuts in civilian end strength. Health facility improvements in FY 1982 include a new hospital at Ft. Carson ($86.5 million), a renovation/addition project for the Frankfurt, Germany hospital ($34 million), the upgrading of the Ft. Irwin hospital to meet National Training Center medical requirements ($430,000), a dental clinic replacement at Schofield Barracks ($4.1 million), and an administration/out-patient care area at Walter Reed Army Medical Center ($6.7 million).

The FY 1982 quality of life efforts include a $277 million increase over FY 1981 in the Facilities Maintenance and Repair Account to sustain the soldier's living and duty environment. However, even this increase does not satisfy the annual recurring maintenance requirement. Thus, the backlog of maintenance and repair, and thus, the deterioration of soldiers' working and living conditions, continues to grow.

The constrained resource environment of past years has created deficits in quality of life programs because of constant higher priority needs. Additionally, the continuing rapid increase of basic installation operating costs has required reprograming of those limited funds allocated to quality of life activities in order to pay for utilities and other operating costs. We are well aware of the critical claims now made on limited resources by the need to modernize while also meeting daily operational requirements. However, with the increasingly wider awareness of another critical need--that is, to retain trained military manpower, we are hopeful that provisions to care for soldiers and their families also will begin to improve. We must begin an increased commitment to reduce the deficiencies in housing, health care, community support, travel cost reimbursement, and other quality of life needs if we are, legitimately, to expect soldiers' readiness and retention in return.

Critical to support of the quality of life for our soldiers and their dependents and to force readiness is the availability of a well-staffed, trained, qualified, and motivated civilian work force. Civilians provide support services across the spectrum of our soldiers' needs. They provide housing referral, movement of household goods and transportation services for both the soldier and his dependents. These are important and necessary services to the mobility of our forces, the readiness of the Army and our ability to maintain large, combat-effective forces in forward deployed areas. Civilians perform major and secondary item management of weapons, weapons systems, wheel and tracked vehicles, electronic surveillance and communications equipment including replacement and spare parts inventories. Readiness of the force depends upon availability of what is needed, where it is needed and at the time it's needed through the support of an adequately manned civilian work force.

One of the programs which assist soldiers and their dependents in oversea areas is the DoD Oversea Dependent Employment Program. Dependents are given employment preference over non-veterans and non-dependent applicants for positions designated for US citizens at grade GS-8, and below, non-supervisory wage grade positions, and foreign national positions. The benefits accruing as a result of the program are significant. Employing dependents provides added income for the soldiers and their families to maintain a decent standard of living in the overseas areas; counterbalance the requirement for local national employees which reduces the US foreign balance of payments and deficits; is more cost effective when compared to local national salaries for equivalent positions; and finally, the program operates to decrease US presence in the foreign area by the employing of dependents as opposed to employing other US citizens in the area.

Alcohol and Drug Abuse

Our Alcohol and Drug Abuse Program continues with a dual focus: (1) prevention through education and training and (2) treatment or separation. We have increased emphasis on commander responsibility for the program and have given the commanders the widest possible latitude.

During FY 1980, the Alcohol and Drug Abuse Prevention and Control Program (ADAPCP) treated and rehabilitated 18,217 individuals (equivalent to one division). We have treatment facilities in CONUS at Ft. Bliss, Europe and Korea. We have allocated 110 spaces to Europe for clinical directors and counselors; these spaces are now being filled.

The identification of drug abusers is a major function of the ADAPCP and the related law enforcement drug suppression effort. During FY 1980, 39 percent of hard drug abusers were identified through commander/supervisor referrals; 30 percent through self-referrals; 16 percent by law enforcement; 15 percent through urinalysis and medical referrals.

The FY 1982 ADAPCP budget is $44.5 million and includes 1,040 military and 881 civilian personnel, and is at the same level as that provided in the FY 1981 Appropriation Act.

Alcohol and other drug abuse prevalency data are obtained from opinion surveys and the latest data available are as of October 1979. The percentage of enlisted personnel who admitted to using marijuana/hashish at least occasionally during the preceding six months was 26.9. For the same period, 5.1 percent of enlisted personnel admitted to hard drug use, and 4.7 percent admitted to having drinking related problems. Officer prevalency for the same period was 2.2 percent marijuana/hashish use and 1.5 percent admitting to drinking related problems. The above data has been relatively consistent since 1977. Officer marijuana/hashish use was initially surveyed in February 1979. Since October 1979, surveys were conducted in June and October 1980 and results will be available in January-February 1981. We continue to face difficulties in these areas. Within CONUS, cocaine, PCP, amphetamines and barbituates abuse continue to be a problem. The availability of high grade, low cost heroin from Southwest Asia continues to be the major threat to USAREUR soldiers and their dependents. On the other hand, Korea has a minimal problem with heroin because of strict civilian law enforcement; but alcohol is the primary drug abused by the US personnel.

Total Army Officer Accession Program

Managing the officer acquisition program is complex. It is a long lead time program in which we define requirements five years ahead. The program embraces Total Army needs--Active, Army National Guard, Army Reserve.

The Army's goal is to commission 10,500 officers per year. Current production is not adequate to meet Total Army peacetime requirements. In FY 1980 6,343 officers were commissioned through the Senior ROTC program. In FY 1981 we project that 6,899 officers will be commissioned through ROTC.

ROTC must expand production to insure a viable officer posture for mobilization.

The key to increased officer production is an expanded program in terms of incentives and population reached. Public Law 96-357 signed into law in September 1980 increases ROTC scholarship authorizations from 6,500 to 12,000. Of the first 2,000 two-year scholarship 1,035 will be awarded in FY 1981 and 965 in FY 1982. It is expected that these additional scholarships and other initiatives will increase ROTC commissionings to an estimated 9,300 per year by FY 1985. Since Total Army requirements will still not be met, additional actions are being addressed. The current level of scholarships and the Expand the Base initiatives represent real efforts to provide the officers needed for the Total Army. We do not know if these efforts are enough. We may need to fund more of the scholarships currently authorized. We know we need relief from current eligibility constraints on enrollment in the Advanced Course so that we can attract high caliber students from public community colleges. We will manage vigorously current initiatives and come to the Congress for assistance, if needed.

ROTC added 41 extension centers in FY 1980. In FY 1981 an additional 48 extension centers as well as 8 host institutions will be added. These 97 additional schools will put Army ROTC in contact with approximately an additional 350,000 college students.

A major effort will begin in FY 1982 to assist in Army Nurse Corps production through ROTC. We expect to see progress in FY 1983 as a result of initiatives to start this Spring.

The FY 1980 end strength of active duty military physicians increased by 224 over the past year, from 4,403 to 4,627. This increase, projected to continue over the next few years, is due to accessions from the Armed Forces Health Professions Scholarship Program, the principal source of active duty physicians. Procurement of volunteer physicians decreased slightly, down 32 to 326.

It is still anticipated that the objective active duty physician level of 5,273 will be reached by end FY 1985, provided the Army Graduate Medical Education (GME) program is allowed to continue at the level currently programed by Army. The GME program is essential to solving problems of physician specialty imbalances and meeting physician specialty needs. The Army has been directed to reduce its GME strength to 1,055 by FY 1986 versus its preferred level of 1,678. Because of an appeal to this decision, the Office, Secretary of Defense has initiated an analysis of GME in DoD by contract with the Institute of Medicine scheduled for completion in June 1981. The status of Army GME is likely to remain uncertain until after completion of this study.

There is a shortage of 3,096 physicians against 4,623 physician requirement in USAR Troop Program Units and the National Guard. When this figure is reduced by those physicians expected to report from the Individual Ready Reserve and the Standby Reserve, the adjusted physician shortage is 2,164. In FY 1979, The Surgeon General was assigned recruiting responsibility for Reserve Component physicians, formerly handled by unit commanders. The Surgeon General established a nationwide recruiting network of 8 active and 47 USAR officers. Each recruiter supports approximately five major Reserve Component units. We project the shortfall in USAR Troop Program Units and National Guard will be reduced to 822 by FY 1986. However, the degree of improvement should be regarded with caution in view of limited recruiting experience.

Civilian Manpower.

The Army's ability to man, maintain, and manage the civilian work force is restricted. Hiring limitations, ceiling strength cuts, high-grade reductions, and civilian pay caps contribute heavily to our problems.

Although overall federal employment has been reduced by 1% since 1974 civilian strength in the Army has declined by about 49,000 or 12%, while the support work load has been increasing. For example, 53,000 soldiers transferred from support functions to 55 newly activated combat and combat support battalions; supply items managed increased by 7,000 line items; munitions shipped increased sixfold; and yearly procurement actions doubled to 136,000. Additionally, there has been a significant upswing in tasks usually handled by the civilian work force due in part to the public's increased numbers of requests under Freedom of Information and Privacy Acts and the added workload arising from implementation and management of the Ethics in Government and Civil Service Reform Acts requirements--particularly, the Senior Executive Service, Merit Pay System, General Performance Appraisal System, and changes in the labor relations program.

The civilian hiring limitation and the current hiring freeze further compound the Army's civilian manpower problem. These constraints have impeded the accomplishment of such important objectives as supporting near-term readiness, force modernization initiatives, Volunteer Army support, and other missions which have caused increased workloads.

To relieve the paradox between a growing workload and a decreasing civilian work force, Army managers have pursued use of overtime and temporary overhires, reorganizations, and introduction of less manpower-intensive systems and equipment. Missions and functions deemed less critical to near term readiness have been curtailed, deferred, and in some cases, eliminated.

While all of these initiatives have contributed to increased productivity and utilization of resources, they have not been enough. Some essential missions and functions which should be handled by civilians are having to be performed by 25,000-28,000 soldiers who are diverted from their military duties. Further reductions in civilian manpower may well mean that even more military manpower will have to be diverted. Use of military manpower to do jobs normally performed by civilians has an adverse effect on both individual and unit readiness/cohesion. The individuals' MOS training is degraded and their identification with the unit is obscured. Without a full complement of personnel, the unit loses the capability to conduct effective training. Should mobilization occur, personnel diverted from Tables of Organization and Equipment (TOE) units would be required to return to their present unit in preparation for deployment. This would jeopardize the installation commander's capability to perform essential base support functions during a critical period.

Because Army civilian manpower supports functions that directly support combat unit mission and force readiness, we believe that an increase in civilian authorizations is the best solution for an immediate improvement to Army readiness.

One area in which we seek modest additional resources is career interns. To assure that we have capable and experienced people to fill upper level technical, management, and executive positions, we need a steady flow of new employees into entry level positions for many occupations, just as we need a steady supply of new military officers. The civilian intern program is a hiring and 2 or 3 year development program to provide this source, and it also serves as an important part of our affirmative action program to bring in and enhance employment opportunities for minorities and women. At least 1,810 career program vacancies occur each year, but the current number of Army civilian intern graduates will not be adequate to provide essential professionals, technicians, managers, and executives in the 1980's. Only 2,891, or 54% or our forecasted intern needs have been authorized. To compensate for the shortage, we are often compelled to downgrade jobs to fit the lesser qualifications of the people who are available. This lowers productivity and interferes with the Army's force modernization effort. We want to increase the intern program by 402 each year through 1987 to achieve the necessary level of 5,303.

Another problem which adversely affects the Army's ability to maintain readiness and technical capabilities is the pay cap. We are increasingly unable to attract or retain highly qualified officials in executive positions because of federal pay policy. Without compensation equivalent to that in the private sector, it is difficult to attract new talent. Key executives are reluctant to accept promotions to positions of higher responsibility at no additional compensation and without any financial distinction from some of their subordinates. Finally, after assessing retirement pay and periodic cost of living increases, many of these officials are electing to retire or obtain private sector employment at the very time of their greatest usefulness and productivity.

The Army needs relief from the civilian high grade reductions required by the FY 1978 DoD Appropriation Authorization Act. The reductions present a serious impediment in providing those civilian skills required to support Army missions, particularly professional positions for research and development, medical services, procurement, and overseas construction programs. Additionaly high grade positions, not fewer, are needed to develop and manage the new and expanding programs evolving from increased real spending for national defense and to provide the needed technical base to support the military forces in the face of an ever expanding threat. The Army strongly supports the DoD initiative to repeal the statutory constraints of the 1978 Act.

Equal Opportunity

Equal Opportunity is one program that deals with human development and provides the Army with a mechanism to favorably influence the human element

of force readiness. Equal opportunity provides the Army with a mandate--to conserve, strengthen and develop its resources.

Civilian

Progress has been recorded by the separate minority groups and women in the Army for the period 30 June 1979 to 30 June 1980.

Improvement was made even though there was a reduction between FY 1979 and 1980 in the direct hire, full-time permanent employment levels.

New initiatives that are being taken in the Civilian EEO Program to reach more minorities and women include the following:

o All Army activities/installations are required to develop and implement an AAPP with goals for targeted occupational series where minorities and women are underrepresented.

o All Army activities/installations are required to develop and implement a Federal Equal Opportunity Recruitment Plan (FEORP).

o Intake goals have been established for minorities and women in the Engineer and Scientist and Non-Engineer and Scientist Intern Programs.

o The Army Mobility, Opportunity and Development Program (AMOD) was established to recruit and train high potential status individuals in lower grade levels for Career Program positions.

o Development of a comprehensive Army EEO Program Monitoring System for monitoring EEO progress within the AAPP and FEORP.

o Discontinuance of the Professional and Administrative Career Examination (PACE) for in-service placement has resulted in an increase in minority and women intake into Army Career programs.

o Army has conducted a series of briefings for officials of 19 national minority, women and handicapped organizations whose headquarters are in the Washington, D.C. area.

o A goal of 1% of all Army civilian spaces has been established for the Upward Mobility Program.

o A pamphlet, "Method of Entry Into the Federal Service," was recently published and is being used to assist Army officials in understanding and participating in applicant counseling and hiring processes. Many other Federal agencies have requested copies.

o Veteran's Readjustment Appointment (VRA) is used widely in recruiting civilian employees for the Army.

o Historically Black Colleges (HBC) are being developed and used as a recruitment source. A centralized referral service has been established by Army for faculty members of HBC to receive consideration for summer jobs at all Army installations.

We will need to provide Equal Employment Opportunity staffing to accomplish these objectives and achieve the balanced work force envisioned by the CSRA.

Military

The Army Affirmative Actions Plan identifies and establishes specific Department of the Army program objectives, responsibilities and policies that contribute to racial harmony and to the establishment of a true equal opportunity environment within the Active and Reserve Components of the United States Army.

Force readiness within the Army is derived from manpower, equipment and training. Human readiness is another factor that impacts on the Army's fighting capabilities. The Affirmative Actions Plan addresses a vital portion of the human readiness spectrum. Creating an environment that encourages personal and professional growth, which assures an equal opportunity for all Army personnel regardless of their race, color, religion, sex, or national origin, remains an essential Army task.

SECTION III

TRAINING THE FORCE

Active Army Training

The Army has continually sought ways to implement efficiencies which provide quality training at a cheaper price. Unfortunately, we have gone too far. Too much training is being exported to the troop units--burdening commanders and impacting on team and unit training. We must now correct this problem and the Army is currently reviewing its resource needs.

Expansion of enlisted Initial Entry Training (IET) commenced in FY 1981 with full implementation in FY 1982. Detailed analyses have shown the necessity for additional IET to improve soldier performance in basic skills for battlefield survival. A more demanding Program of Instruction (POI) has been developed which extends the Basic Training (BT) portion of IET by one week, lengthens the training day, specifies new training tasks, provides for repetitive instruction and establishes a more comprehensive end-of-course test.

Officer education, training and professional development requirements are also undergoing a thorough job/task analysis from Warrant Officers through the grade of Colonel. Four officer basic courses will be expanded 4 weeks starting in FY 1982 and a Combined Arms and Service Staff School (CAS^3) will be established at Fort Leavenworth in FY 1981 to train staff officers between their 7-9 years of service. Military Qualification Standards (MQS) are under development to define explicitly what officers must know and be able to do within their specialties from precommissioning through the first 10 years of service.

As a major initiative, the Army embarked upon a new Noncommissioned Officer Education System. The general objective of the program is to increase the combat readiness of the Army through increased professionalism, prestige, responsibility, and performance of its NCO Corps.

Evaluating individual job proficiency was accomplished through continued expansion of the enlisted Skill Qualification Test (SQT) program in FY 1981. SQT is the Army's feedback mechanism for the individual training system. It provides indications of shortfalls in training and soldier proficiency and is used in personnel management decisions, such as promotion. Of the 891 skill levels programed for a full-fledged SQT, 585 are now fielded. During 82, the Army will continue a FY 1981 strategy aimed at improving test quality. Simply stated, we are developing a more compact test and one which is more closely related to the soldier's job performance requirements.

The concept of an Army National Training Center has been developed as the principal tool for enhancing unit training where a total combat environment can be simulated. Such an environment comprising realistic maneuver areas comparable with modern battlefield requirements, warfare techniques, and future weaponry developments will increase the Army's combat readiness during peacetime periods.

The National Training Center was activated at Ft Irwin, California in October 1980 and will be phased into full operation over the next four years. By FY 1984, 42 CONUS based heavy combat battalion task forces will rotate to the National Training Center for two weeks annually.

Reserve Component Training

As is true for the active forces, the foundation of discipline and professionalism for our Reserve Component members is challenging and interesting training. Army National Guard, Army Reserve and active Army train side by side and are indistinguishable one from the other. At the completion of this initial training, the National Guard and Army Reserve soldier returns to his/her unit for the balance of their six year military service obligation (MSO).

In FY 1980 the Army gave top priority to the training of new accessions. In the Army Reserve we were successful in recruiting additional non-prior service (NPS) soldiers which resulted in a requirement to send to the training base 1,788 more soldiers than we had planned to train. This additional training caused the cancellation of training for some members of the IRR. Should these NPS accessions again exceed that which is programed, additional resources will be necessary in FY 1981 and in FY 1982 to provide IADT funding for our new enlistees without causing a curtailment of resourcing to other programs.

This past year the Army adopted an NCO training program for the Reserve Component as a whole, similar to the active Army program. The standardized program of instruction (POI) provides the flexibility to modify the course of instruction to support local unit readiness requirements.

Training and education of all Reserve Component personnel require continual attention. Funding requests for these programs need your continuing support if we are to field qualified, motivated soldiers ready to meet this Nation's mobilization requirements.

The Army has several programs that will improve our deployment capability. Primary among these is the Reserve Component Deployment Training program which provides selected Reserve Component units the unique opportunity of participating in realistic contingency mission-oriented training in the environment to which they are projected for early deployment. Active and Reserve Component commanders continue to praise this program which has grown annually from the initial 26 units in FY 1976 to 114 Reserve Component units in FY 1980. For FY 1981, 160 Reserve Component units are scheduled for Deployment Training, and we are planning support for approximately 180 units during FY 1982.

Benefits gained from this Deployment Training program go beyond the obvious "training"value. It enhances recruiting and retention for the targeted units, improves morale and esprit, provides the gaining and deploying unit commands the opportunity to work together in identifying and resolving problems in a more suitable environment than that expected during actual mobilization/deployment. Commanders and unit members gain mutual respect, knowledge and confidence in their ability to interface for a common goal. Reserve Component Deployment Training has the added advantage of demonstrating to our NATO allies the capability of our Army Reserve Component units to deploy when needed. We intend to expand and enhance our Deployment Training program in the coming year.

The Affiliation Program was created to establish an association (formal relationship) between Reserve Component and Active Component organizations and units. This program is designed to improve operational readiness of Reserve Component units required to support mobilization contingencies.

National Guard and Army Reserve units currently in the Affiliation Program include:

ARNG: Nine brigades consisting of 40 organic battalions, plus 37 additional battalions and 17 separate companies/detachments.

USAR: 16 battalions and 50 companies/detachments.

The program is being revised to align units within the CAPSTONE framework; however, approximately 300 units were in the Affiliation Program at FY 1981 and about 500 units are planned to be in this program by end FY 1982.

CAPSTONE, the term used to designate the Army's program of structured association between the Active Army and the Army's Reserve Components, describes a specific mission and wartime organization for every unit in the total peacetime force and is based on requirements of a mature European Theater and expanded CONUS base. The purpose of CAPSTONE is to train, deploy, and sustain the present 24 division force and lay the foundation on which to build during total mobilization.

In addition, the new CAPSTONE program aligns wartime logistical structure with a peacetime partnership that will enhance during peacetime the readiness and training of support units.

Under CAPSTONE we have planning and training relationships with the focus on wartime missions for all combat and support units. This program enhances the present Affiliation Program.

Full-Time Manning (FTM)

The purpose of FTM is to enhance the readiness of Reserve Component units by making available to the Reserve Component Commander, on a full-time basis, highly qualified Active Component and Reserve Component military personnel who possess the expertise needed to improve day-to-day training, operations, and administration of high priority Reserve Component units.

Currently, programmed figures for FTM are:

	FY 80	FY 81	FY 82
Active Component	1,070	1,522	1,554
Reserve Component	2,168	3,514	4,395
	3,238	5,036	5,949

Training Loads

The projected loads in the training base are the basis for the funding requested in this budget. The total training load for which we request authorization includes active Army, Reserve Components, and other service personnel trained in Army training facilities are shown below.

FY 82 Training Loads

Recruit Training	16,560
Officer Acquisition Training	4,640
Specialized Skill Training	46,690
Flight Training	1,910
Professional Development Training	2,776
One Station Unit Training	27,172

Education

The Army Continuing Education System (ACES) provides educational opportunities for soldiers during on and off duty hours. These activities are designed to attract and retain the best available personnel, to contribute to Army readiness, and to raise morale through fulfillment of the individual soldier's personal aspirations.

Funded at $101 million during FY 1981 and with a budget request for FY 1982 of $129 million, the ACES system consists of four major components:

the Basic Skills Education Program (BSEP/High School Completion Program (HSCP); tuition assistance for study during off duty hours; Education Center Program and the Veterans Educational Assistance Program (VEAP).

The Basic Skills Education Program (BSEP), is designed to improve reading and arithmetic competency, life coping skills, and learning capabilities of enlisted personnel at entry and advanced levels of service. The High School Completion Program (HSCP) provides off duty, voluntary study for those soldiers lacking a high school diploma. The Army funds 100 percent of the tuition for this program.

The Tuition Assistance Program defrays from 75 to 90 percent of tuition costs incurred by soldiers pursuing post-secondary studies at a variety of Army-approved institutions. These include programs at the associate, bachelors and graduate level, as well as vocationally oriented skill development courses.

The Educational Center Program, a worldwide network of facilities located wherever 750 or more soldiers are stationed, provides administrative support, counseling and testing services, and maintains a Military Occupational Specialty (MOS) library or learning center for soldier's use in preparing for their job-related skills training.

The fourth component, the Veterans Educational Assistance Program (VEAP) was designed to replace the Vietnam GI Bill. VEAP has three pilot programs currently in operation. The SUPER VEAP and the ULTRA VEAP are contributory in nature and allow soldiers to accumulate as much as $14,100 and $20,100 respectively during a single enlistment. Section 903 VEAP was mandated by the 96th Congress and is a non-contributory and loan forgiveness program which allows soldiers to accumulate as much as $14,100 during a single enlistment. These benefits are to be used in furthering soldiers' college education.

Programed costs for the following components of ACES for FY 1982 are as follows:

	$ Million
BSEP/HSCP	20.4
Tuition Assistance	27.8
Educational Center Program	55.7
Educational Benefits (VEAP)	10.6
Improving ACES	14.6
	129.1

Educational benefits for military personnel are extremely important factors in recruiting and retention. As mentioned above, the Army has three pilot programs in FY 1981 that are worth up to $20,100. We are conducting these tests to find out which programs will work best to recruit and retain the people the Army needs to man its force. If, on completion of and report to the Congress on the test, the Secretary of Defense recommends a permanent educational program, the Army believes it should have the following features:

a. Non-contributory education benefits available to all military personnel as a reward for honorable service. Provisions for active duty service-members to transfer from Chapters 32 and 34 with an obligation for service. Inservice use authorized after completion of one year of service.

b. Total program administered and basic benefits funded by Veterans Administration.

c. Benefits earned at a rate of one month of education entitlement for each month of active service up to a maximum of 36 months (four academic years).

d. Basic benefit consists of a monthly entitlement of $300 for completion of less than six years of service; $600 per month for completion of six or more years of active service.

e. Authorization to selectively supplement the basic benefit by Service Secretaries for recruitment and retention purposes. The supplement would be targeted toward critical specialties and hard-to-fill assignments.

f. Transferability of unused benefits to dependents authorized after completion of ten years of active duty service while remaining on active duty; otherwise within ten years of retirement of servicemember.

g. Selected Reserve benefits authorized at half the active duty rate. Transferability option is not available to Reserve personnel.

h. Delimiting date for benefits is ten years from servicemember's final separation from service.

i. Benefits available only to those receiving an honorable discharge after completion of service.

Senior Executive Service Training

Army executives must have thorough grounding in management principles and techniques so that they can carry out the full extent of responsibilities envisioned under the Civil Service Reform Act. To help accomplish this goal, the Army plans for each member of the Senior Executive Service (SES) to attend at least one executive or management course per year, and the Army will be hiring into the SES Candidate Pool and beginning development programs for that group. An additional $700,000 is requested to cover the costs associated with this expanded training effort.

SECTION IV

MOBILIZING THE FORCE

Mobilization Manpower

A major concern to the Army and the Congress is our inability to meet the military and civilian manpower requirements which would be required upon mobilization. Although our ability to support military manpower mobilization requirements has improved over the last year, several key factors still affect our ability to support manpower needs, as evidenced by the PROUD SPIRIT/MOBEX 80 mobilization exercise. Significant manpower shortages exist in several forms: shortage of immediate trained replacement for combat losses, shortage of personnel in existing Reserve Component units, and substantial shortage of units to meet identified requirements. The result is the current Reserve manpower pool cannot sustain mobilization requirements until manpower can be supplied by a post mobilization draft, trained by a CONUS base, and shipped to a theater of operations. Inadequate peacetime civilian operating strengths are exacerbated upon mobilization when soldiers, used as borrowed military manpower, revert to their units.

At mobilization plus 90 days and fighting a NATO only war, the Army trained military manpower shortfall computed for end FY 1980 was 249,000. The corresponding shortfall for end FY 1979 was 276,000. The shortfall reduction of 27,000 over the past year is attributable primarily to growth of Selected Reserve strength plus modest increases in Individual Ready Reserve (IRR) and Inactive National Guard (ING) strengths, and significant reductions in mobilization TDA requirements.

The Army has undertaken additional programs or initiatives to further reduce the shortfall by maintaining current levels of Active Component recruiting and retention efforts; intensified recruiting and retention efforts as well as incentives and enlistment options for the Selected Reserve; and continuation of administrative and management actions and the reenlistment bonus program for the IRR and ING. Resources for FY 1982 to do these things were discussed in earlier sections. In addition,

increased reliance is being placed on mobilization recall of military retirees. At end FY 1980, 40,000 would have been recalled. By end FY 1981, 80,000 would be recalled. The projected recalls for FY 1982 and FY 1986 are 100,000 and 120,000 respectively. While the use of increased numbers of retirees will assist greatly in manning the CONUS base, the problem of providing trained combat casualty replacements is largely not affected by this initiative.

Further, it is essential that the civilian work force be as well prepared as the military to perform the functions needed upon mobilization; presently they are not. During a period of general mobilization, new or standby Army installations and activities must be activated or expanded. In order to provide a multitude of support services and products for a bigger fighting force, a greatly expanded civilian work force will be required. The civilian work force staff must be augmented immediately to perform urgent, emergency services and to replace specialized personnel called to active duty.

During our most recent mobilization exercise, our civilian manpower requirements were assessed at 559,000 civilian positions necessary to sustain the forces. This alone represents 35% or 200,000 positions, required above our current authorized manning.

Through on-going efforts we have made a modest gain in our ability to meet the military manpower mobilization requirements. The Army is requesting the following in the FY 1982 Budget to continue the gains realized during the past year. We solicit the support of Congress in this undertaking.

	$ Millions
Additional Manday Spaces to Support Retention	2.0
IRR/ING Reenlistment	8.8
Full-Time Manning	110.0
Enlistment/Reenlistment Bonus	39.6

Mobilization Training Base

The Army currently has a severe shortage of trained manpower for a major war in Europe and plans immediately to surge the training base upon mobilization in order to provide additional trained replacements to the Theater of Operations as early as possible. The training base must be ready to expand as rapidly as possible after mobilization. Based on existing Active and Reserve Component training unit structure and Program of Instruction (POI) lengths, the mobilization training base had a total potential input capacity of 333,000 soldiers by M+90 days for the end of the FY 1980, including 133,000 during the first month following mobilization. This capacity is based on the Active and Reserve Component training structure, however, based on current equipment, ammunition, and facilities on-hand, this capacity cannot be attained. Thus, the training base input is limited to only 182,000 by M+90 days, including 83,000 during the first month.

Funding initiatives in the FY 1982 Budget to improve training base capability call for purchase and stockpiling of minimum essential individual clothing and equipment, engineer design and survey of training installations in preparation for emergency construction upon mobilization and the employment of additional training employees to develop crucially needed mobilization POI. These initiatives will help to meet some of the requirements associated with absorbing 133,000 new trainees into the mobilization training base by M+30, but will not solve all of the equipment problems. We solicit the support of Congress in this undertaking.

SECTION V

SUMMARY

The strength of the Army is its people. The strength of those people lie in great measure in the support and encouragement they receive from the American public and their leadership.

It should be clear that we are faced with many challenges. Fundamentally, our task remains to attract, motivate, retain, train, educate, care for, and employ properly the men and women we need, in and out of uniform, active and reserve, to discharge the Army's solemn responsibility to the nation. Our primary mission is to maintain peacetime levels that can be expanded rapidly to meet wartime level requirements in a timely manner. However imperfectly, we believe we have made some progress this past year. We are determined to do our jobs better in the years ahead. When we need assistance, we should say so. When we err, we will admit it and move to do better. In our judgment, we believe that the success of the all-volunteer Army to date has met the expectations of at least a majority in the Congress and in the American people. To implement the volunteer policy was to agree the government should be competitive. In order to be competitive, sufficient resources must be provided to maintain a level of manpower, military and civilian, needed to do the job.

In all this we shall be conscious of the generous support given to us by the Congress, and appreciative of your continued understanding and assistance. Ours is a mutual task.

BIOGRAPHICAL SKETCH

William D. Clark joined the Office of the Assistant Secretary of the Army (Manpower and Reserve Affairs) in November 1973, where he served as Deputy Assistant Secretary (Reserve Affairs) until assuming the senior position of Principal Deputy Assistant Secretary (Manpower and Reserve Affairs) in July 1979. He is currently serving as Acting Assistant Secretary of the Army (Manpower and Reserve Affairs).

Mr. Clark was born at Fort Benning, Georgia, on March 31, 1929. His father, Mark W. Clark, was later to achieve great distinction as an Army leader. Following graduation from the U.S. Military Academy in 1945 and commissioning as a 2LT, Infantry, Mr. Clark served various tours in the United States, Austria, Italy, Japan and Korea. As a result of injuries received in Korea, he retired in 1955 in the grade of major. His decorations include the Distinguished Service Cross, Silver Star w/OLC, and Purple Heart w/2 OLC.

Following his retirement from the Army, Mr. Clark was employed by the Broadway Hale Department Stores in Los Angeles, where he became General Auditor of the corporation. Joining Northrop Corporation in 1961, he became director of the largest segment of that corporation represented in the Eastern Regional Office. Prior to joining the Office of the Assistant Secretary of the Army (M&RA), Mr. Clark was Director of Government Affairs and Marketing for USM (formerly United States Shoe Machinery) Corp., a multinational, highly diversified Boston-based corporation.

He and his wife, the former Suzanne King, reside at 4107 Thornapple Street, Chevy Chase, Maryland.

PREPARED STATEMENT OF LT. GEN. ROBERT G. YERKS

DEPUTY CHIEF OF STAFF FOR PERSONNEL

Mr. Chairman, members of the Subcommittee, I am pleased to appear before you here today.

I would like to very briefly describe the personnel posture of the Army before answering your specific questions.

Fiscal Year 1980 was a turnaround year in the active Army from a manpower perspective: the active Army's authorized end strength was achieved for the first time in the history of the all volunteer force, thus making up a previous year's shortfall; the decline in enlisted continuation rates of the active component subsided; the top five enlisted grades in the active component increased; new initiatives were developed and supported by Congress to improve the life styles of Army members; new management techniques were implemented to further improve the personnel readiness of the force; and still other initiatives were developed for future implementation. However, active Army, Army Reserve and National Guard strengths, while continuing to improve, remained well below desired peace time levels, and the civilian component was significantly short of its essential level.

Active, Reserve Component and civilian current and programmed strengths are indicated below.

Actual and Programmed End Strengths (000)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
Active End Strength	777	775	786	786	787	787	787
USAR Paid Strength 1/	207	220	242	255	263	271	277
ARNG Paid Strength	367	386	398	407	415	421	426
Individual Ready 2/ Reserve/Inactive National Guard (IRR/ING)	211	250	276	303	350	364	379
Standby Reserve	19	20	18	16	14	12	12
Retirees 3/	40	80	100	100	100	100	120
DA Civilians	361	371	382	382	382	382	382

1/ FY 82-86 includes Individual Mobilization Augmentees (IMA) Pay Group D .
2/ FY 82-86 includes IMA also counted in USAR paid strength.
3/ Identification of Retirees for Preassignment.

Achievement of programmed active and reserve strengths are dependent on funding, and success of current and planned Army enlistment, reenlistment, retention, and management initiatives. Pretrained individual manpower (IRR, ING, Standby Reserve, Retirees) is critical in a mobilization/warfighting situation to sustain the Army until trained draftees are available.

The most pressing personnel challenge facing the Army today is the widening gap between work requirements and the constrained civilian strength of the Army. Civilians are essential to our current readiness and potential mobilization. Since 1974, reductions to the Army civilian end strength have totaled about 49,000. This reduction equates to 12% while total federal employment dropped only 1%. To maintain an adequate level of support and services, tactical units must provide troop labor to do the jobs. The Army diverts approximately 25,000 soldiers each day to compensate for the lack of sufficient civilian manpower. This has an adverse impact on near-term readiness. In the event of mobilization these soldiers would be returned to their units leaving important support jobs vacant. One of the best means of rapidly improving Army readiness would be to increase the civilian strength level.

The Army has identified a shortage of 65,000 spaces in its civilian workforce. The FY 81 revised request includes 10,000 additional spaces to begin to replace borrowed military manpower and improve near-term readiness. The FY 82 Budget Amendment provides 21,800 civilian spaces above the 359,916 in the January 1981 Budget. These additional civilians are required in order to continue the FY 81 initiatives to replace borrowed military manpower and troop diversions and to begin to improve critical shortfalls in the logistics and training base and other support areas.

The Army also strongly supports the DoD initiative to repeal the civilian high grade reductions required by the 1978 DoD Appropriation Authorization Act, which required a 6% reduction in the number of civiian high grade positions. The reductions are having a serious impact on our ability to man the civilian force necessary to support a variety of Army missions, including research and development, support of US Army Europe and military construction programs. Additional high grade authorizations are required to provide the civilian professional skills needed to support the military force structure of the 1980s.

Last year's most pressing problem, the shortage of pretrained military manpower to meet mobilization requirements to fill and sustain the wartime Army, has not been solved. The Army continues to have critical shortages of personnel in the Army National Guard, the US Army Reserve and the Individual Ready Reserve (IRR). As of the end of FY 80 the Army's trained military manpower shortfall would have been 249,000 90 days after mobilization for a NATO-Warsaw Pact war. Even with recent improvement in Reserve Component unit recruiting and retention, with management actions and other initiatives to increase the strength of the IRR, and with a system to recall large numbers of retired personnel in an emergency, the shortfall will not be eliminated during the next five years. This problem must receive particular emphasis because its resolution is vital to the Army's ability to reinforce and sustain our forces in the event of conflict.

ACTIVE COMPONENT RECRUITING

The active Army recruited some 136,000 nonprior service (NPS) males in FY 80 which represented 101.2% of the assigned objective. Because of this achievement, the Army made its FY 80 end strength goal and made up the 17,000 recruiting shortfall of FY 79. However, recruitment of high school diploma graduates fell far short of our goal. FY 81 NPS male recruiting is on target year to date, in both total numbers and high school graduates.

NPS female recruiting remains a large challenge for the active Army. Since FY 78, as the accession requirements increased, the Army has found that women are no longer enlisting in the numbers and skills required to meet OSD directed goals. The enlistment eligibility criteria for women was made identical to that of men, effective 1 October 1979, to demonstrate sexual equality and to increase the eligible market to accomplish the higher accession requirements. The Army fell short of the FY 80 female recruiting objective by about 1,200. FY 81 female recruiting performance year to date is 97.2% of objective.

Prior service recruiting has been excellent in recent years.

Preliminary recruiting data for FY 81 supports the general comments discussed above:

Active Army
FY 81 Recruiting Results
Results thru Feb 81

	Objective	Achievement	Percent of Obj.
NPS (M)	36,500	35,393	97.0
NPS (F)	7,715	7,496	97.2
PS	7,035	8,849	125.8
TOTAL	51,250	51,738	101.0

High School Diploma Graduate (HSDG) recruiting had been steadily declining since FY 76 until the Army reversed the trend in FY 80:

	FY 76	FY 77	FY 78	FY 79	FY 80
Total HSDG	105,543	99,681	91,386	82,843	85,825

The decline coincided with the removal of the GI Bill, a sharp reduction in recruiting resources and an erosion of entry pay. In FY 81, the Army plans to recruit 96,000 HSDGs. The Congressionally mandated 35% cap on non-graduate males should be met without jeopardizing the planned end strength. The current accession percentage of non-graduate males is 30%. Recent recruiting market studies show that technology had the highest appeal among diploma graduates. Accordingly, the Army's FY 81 advertising plan was revamped to include high technology opportunities for prospective enlistees.

The Army is currently managing its recruiting effort to permit DoD to comply with the 25% ceiling for all Services on those people who score between 16 and 31 on the Verbal Math (AFQT) portion of the entry test (ASVAB). The current rate, which is 31.8%, is unusually inflated due to the composition of the Delayed Entry Program (DEP) prior to the new norming of the ASVAB test. Through careful management, this rate has been declining and should reach 30% by end FY 81.

The Army must recruit larger numbers of brighter high school graduates as the military eligible population declines and competition for employment of these people increases. To do this the Army needs an attractive education benefits package, an expanded bonus program, a two year enlistment option, achievement and maintenance of pay comparability and a revision of the pay and compensation system to recognize excellence, experience, and levels of responsibility.

ACTIVE COMPONENT RETENTION

Enlisted Retention Trends and Career Force Strengths: Decline in the rate of continuation for enlisted soldiers in their fifth through twelfth years of service occurred in FY 78 and FY 79. Efforts to improve this situation during FY 80 were moderately successful. As a result of FY 80 initiatives, continuation rates for soldiers in these year groups showed no further decrease from FY 79. Preliminary results of the last quarter show positive trends, especially of NCOs in year cells 5 through 12.

REENLISTMENT TRENDS, OBJECTIVES, AND INITIATIVES

In FY 80 the active Army achieved aggregate reenlistment objectives and by doing so, increased the "over 3" career content. By end FY 80, the strength of the career force reached 330,000, an increase of about 10,000 over the previous year. In spite of these achievements and reversal of the five year decline in mid-career reenlistment rates, critical shortages of middle and senior grade NCOs continue to exist in combat arms, intelligence, and other highly specialized technical skills. As indicated in the following table by the higher rates required, achievement of total reenlistment requirements in FY 81 is more difficult, but obtainable, given no reversal of compensation trends.

	FY 79	FY 80	FY 81
First Term			
Objective	22,920	22,234	20,000
Achieved	26,528	25,028	-
% Achieved	115.7	112.6	-
% Eligibles	43.0	50.6	54
Career			
Objective	55,170	57,470	61,600
Achieved	54,204	57,158	-
% Achieved	98.2	99.5	-
% Eligibles	66.4	69.3	71

In FY 81, the Army continues to shift management emphasis and tailor resources to improve retention of experienced middle and senior grade NCOs in critical skills. In line with this shift, the FY 81 reenlistment objective system has been revised to focus on retention of mid-grade soldiers (objective added for careerists with up to 10 years of service) and soldiers nearing separation. The following table presents FY 81 objectives and year to date achievement under the new objective system.

FY 81 Total
Results Thru Feb 81

	Annual Objective	YTD Objective	Achieved	% Achieved
Initial Term	27,500	9,101	9,866	108.4
Mid-Term	19,700	6,474	6,729	103.9
Career	14,300	5,124	5,783	112.9
Total	61,500	20,699	22,378	108.1

In order to place more emphasis in FY 81 to retain more career soldiers in combat arms and other critical skills the Selective Reenlistment Bonus (SRB) Program has been expanded: authority was provided which increases the maximum SRB payment from $12,000 to $16,000 and authorized SRB payment to soldiers with 10-14 years of service; Congress also increased the bonus program by $25 million (total of $124.6M in FY 81 for new SRB payments). The bulk of this increase has been applied to combat arms careerists with over 6 years of service to reduce migration into other skills at the time of reenlistment.

Additionally, the FY 82 Budget Amendment request provides funds to recognize the unique demands placed on NCO leaders in the combat arms special pay for those serving in critical shortage skills, and additional reimbursement for directed PCS travel.

Although the reenlistment program and associated initiatives will emphasize retention of soldiers in combat arms and space imbalanced skills while continuing to maintain total strength requirements in the short term, actions must be taken to improve the overall attractiveness of the Army as a career if we are to meet all of our requirements. A return to FY 72 pay comparability, realistic levels of travel and transportation allowances, a comprehensive educational package designed to enhance recruiting and retention, improvements in quality of life for soldiers and dependents, and elimination of the ceiling on dependents overseas are actions for which we seek Congressional support.

WOMEN IN THE ACTIVE ARMY

The Army increased the numbers of women in the active force by 411 percent between FY 72 and FY 80 as reflected below. OSD directed the Army to increase the number to 99,034 by FY 86 (591 percent of the 1972 strength) when women would represent 11 percent of the officer and warrant officer force and 13 percent of the enlisted force.

	FY 72	FY 76	FY 80
Officer/WO	4,422	4,844	7,609
Enlisted	12,349	43,806	61,351
Total	16,771	48,650	68,960

Increased end strength has required an increased female accession objective which the Army has been unable to achieve in recent years as shown below:

	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81 Results thru Feb 81
Objective	15,900	14,900	17,600	18,800	23,400	7,715
Achieved	15,884	14,964	17,517	17,196	22,210	7,496
%	99.9	100.4	99.5	91.5	94.9	97.2

To reach and sustain the OSD directed enlisted female strength will require accession of up to 28,000 nonprior service women annually. The Army believes this market is not available without recruiting large numbers of Non-High School Diploma Graduates (NHSDG) who demonstrate unacceptable three year attrition behavior.

Prior to FY 73 most enlisted women were found in the traditional (Administrative and Medical) skills. With the decision to increase the participation of women it was necessary to recruit them for the female nontraditional skills (e.g., Maintenance, Law Enforcement, Ammunition, Military Intelligence). Today, 94% of Army skills are available to women. The percentage of active component enlisted women utilized in traditional, and nontraditional skills is shown below:

	FY 72	FY 77	FY 78	FY 79	FY 80
Traditional	90.1%	37.9%	42.1%	40.6%	38.7%
Nontraditional	9.9%	62.1%	57.9%	59.4%	61.3%

The Army monitors first term attrition by "tracking" the performance of groups of personnel who enter the Army during the same fiscal year. The Army refers to these groups as "cohorts". Comparative male/female cohort attrition data for the active component follows:

		Year of Entry			
	Education	FY 77	FORECAST (as of Jan 31, 1981)		
Sex	Level	Actual	FY 78	FY 79	FY 80
Male	HSDG	28.9	26.0	24.5	25.0
Male	NHSDG	50.6	44.9	44.1	44.1
Male	All	39.4	31.7	32.3	35.3
Female	HSDG	44.2	44.1	43.5	44.9
Female	NHSDG	58.3	54.1	50.6	59.4
Female	All	46.3	44.8	43.6	47.1
All Enlisted	All	40.0	33.5	33.8	36.9

As indicated above, active component first term female attrition rates are projected to increase. In FY 80, the Army began enlisting female non-diploma graduates which has significantly affected the female attrition rate. Conversely, male attrition in the active component has shown a steady downward trend within education level subcategories. The total male projected rate for FY 80 shows an increase because of a greater number of NHSDG accessions in FY 80. In the near term, enactment of Public Law 96-342 on 8 September 1980 is expected to help reduce attrition. Under this law, soldiers who now fail to complete at least 24 months of honorable service will not be authorized Veteran's benefits.

Pregnancy accounts for some of the higher attrition demonstrated by women. Army policy prescribes that pregnant soldiers are not deployable overseas and those in hostile fire areas who are 18 or more weeks pregnant will be automatically evacuated when noncombatant evacuation plans are implemented. At current strength, approximately 6,900 women may not be available to support the Army mission in event of hostilities.

There is no OSD directed level for women in the Reserve Component. As of end FY 1980, women contributed 8% to Selected Reserve strength. The Army has developed sufficient data over recent years that will enable objective analysis as to "where we've been and where we should go" regarding utilization of women in the force. This period of stabilization will provide an opportunity to re-examine the impact of women on combat readiness, and to objectively optimize female utilization to the benefit of the Army and its women members.

SENIOR ENLISTED GRADES

During FY 80, significant steps were taken to more closely align active component Top 5 enlisted grade content with Army needs. Depicted below is a portrayal of Top 5 needs compared with actual fill over time. Additionally, the Army has plans to move the Top 5 grades to 273,000 over the FY 83-87 period in support of growing requirements and modernization.

ACTIVE COMPONENT
TOP FIVE GRADES (E5 - E9)
Top 5 Need vs. Fill FY 74-82

	Need	Fill	Difference
1974	296,687	229,255	-67,432
1975	282,296	242,633	-39,663
1976	283,439	242,433	-41,006
1977	289,150	246,356	-42,794
1978	272,063	250,078	-21,985
1979	263,929	248,236	-15,693
1980	264,759	256,076	- 8,683
1981	266,530	261,061 (Programmed)	- 5,469
1982	268,701	263,661 (Programmed)	- 5,043

RACIAL COMPOSITION

Racial composition of the force over time is portrayed below:

ACTIVE COMPONENT

FY	OFFICERS(%)			WO(%)			ENLISTED(%)		
	White	Black	Other	White	Black	Other	White	Black	Other
72	95.1	3.9	.4	94.6	4.5	.4	80.3	17.5	1.1
75	92.6	4.8	.8	90.2	5.0	.6	74.6	22.2	1.9
77	91.2	6.1	1.3	91.1	5.9	.8	70.6	26.4	2.7
79	89.6	7.3	1.6	91.1	5.9	1.1	63.9	32.2	3.5
80	88.5	7.4	1.8	87.2	5.9	1.2	62.6	33.0	4.4

RESERVE COMPONENT

	OFFICERS/WO (%)			ENLISTED (%)		
	White	Black	Other	White	Black	Other
75	93.7	2.5	3.8	87.1	9.4	3.5
77	95.2	3.2	1.6	79.6	18.3	2.1
79	93.2	5.4	1.4	75.4	23.5	1.1
80	92.1	4.7	1.5	75.3	22.1	2.6

Numbers may not add to 100% due to unknown race.

ENLISTED EDUCATION LEVELS

The following is the enlisted composition of active component based on education level. High School Graduate (HSG) percent includes GED equivalents indicated in parenthesis. Shown below is the active component force composition by educational level.

FY	% HSG	% SOME COLLEGE	% COLLEGE GRADS
73	57.4 (10)	10.9	3.0
78	74.3 (14.3)	9.3	2.2
79	74.5 (13.7)	9.4	2.1
80	72.3 (12.9)	8.9	1.9

The percentage of High School Diploma Graduates (HSDG) has increased substantially since 1973, although FY 1980 showed a downturn from FY 78 and 79 levels. At the same time, the number who possess some college has decreased. Overall, the percentage of soldiers without a high school education has decreased from approximately 29 percent in 1973 to 17 percent in 1980. Increasing the number of HSDG is important for two significant reasons. First, data developed over years shows that the high school diploma graduate has a much better chance of completing the first term of service than does the non-high school diploma graduate. Second, the high school diploma graduate population within the Army is the source from which we select future noncommissioned officers.

There are approximately 30% of those the Army recruits who have special needs, but who also possess special qualities the Army can use. Recognizing these human needs, a Basic Skills Education Program (BSEP) has been implemented to provide on-duty, job-related basic skills development for soldiers requiring additional development in reading and math.

ACTIVE ARMY
INDISCIPLINE INDICATORS

Indiscipline indicators have decreased significantly in the active component since 1974. The decrease was steady through 1978; however, slight rate increases occurred in 1980. AWOL and desertion rates are up, but continue to be much lower than in FY 74.

	FY 74	FY 76	FY 78	FY 80
AWOL Rate/1000	88.8	45.6	40.4	41.6
Desertion Rate/1000	41.1	15.4	15.4	19.6
	CY 74	CY 76	CY 78	CY 80
Crimes of Violence Rate/1000	8.25	6.82	5.84	6.38

In a recently released DoD survey, five percent of active Army respondents (E1-E5) were estimated to be physiologically and psychologically dependent on a drug other than alcohol. Eleven percent of the E1-E5 respondents were estimated to be dependent on alcohol. During FY 80, the active Army successfully treated and rehabilitated 18,217 military and civilian personnel for alcohol and drug abuse.

The recent House Select Committee Report on Narcotics Abuse and Control singularly commended the US Army (and the US Army in Europe, in particular) for laudable efforts to improve its drug abuse control program and to implement the committee's earlier recommendations.

Another index of overall effectiveness in the force is the number of separations under the Trainee and Expeditious Discharge Programs (TDP and EDP). Shown below is a portrayal of discharges for the last seven years, and indicates a general downward trend.

	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
TDP	13,612	21,290	21,876	18,116	9,523	8,563	11,701
EDP	2,565	12,243	20,888	16,226	12,663	11,292	10,097
TOTAL	16,177	33,533	42,764	34,342	22,186	19,855	21,798

SIGNIFICANT PERSONNEL SHORTAGES TODAY

Continuation rates in the active Army for end FY 80 indicate that FY 80 initiatives succeeded in halting the high loss of experienced NCOs. However, improvement is required in these areas; combat arms NCOs, shortage of critical skills and space imbalanced skills in which the duties demanded complicate efforts to retain experienced soldiers, (e.g., frequent overseas tours, field duty, and family separations).

The Top 5 (E5-E9) enlisted force objective, established by the CY 1978 Enlisted Force Management Plan (EFMP) was 263,000 while the actual strength at end FY 79 was 248,236. To reduce this shortage the Army reprogrammed in FY 80 to increase Top 5 strength to 256,076. FY 82 requirements call for over 268,000 Top 5 soldiers. The Army plans to reach 263,000 by the end of FY 82, with promotion priority being given to qualified members in the combat arms and other critical skills. Our long range goal, established by the CY 1980 EFMP, is 273,000 Top 5 soldiers.

A space imbalance in 37 of the 349 active component Military Occupation Specialties (MOS) currently exists (down from 58 severely imbalanced skills in 1977). This Space Imbalanced Military Occupational Specialty (SIMOS) problem is a result of 55% or more of the authorized spaces for each of these skills being located outside the Continental United States (CONUS). The SIMOS currently contains approximately 30,500 enlisted service members. The personnel turbulence created by the shorter turn-around time between overseas assignments impacts unfavorably on unit readiness and personnel retention. Legislation (PL-579) passed by the 96th Congress, provides incentives to qualified members who extend at designated overseas locations. The new law is being implemented in 1981.

Approximately 43% of the active Army's force structure is located outside CONUS. The Army has maintained the total enlisted and the NCO posture of its overseas commands at over 100% of authorized strength. This policy had a major impact on CONUS based forces. A policy change in 1980 saw a redistribution of personnel to bring overseas commands down to their authorized strength. While this change in policy had a positive impact on CONUS based units, the Army remains short of combat arms NCOs.

In December 1979 the Army was operating at 90% of its Infantry NCOs but by November 1980 the Army saw significant improvement in that group. This is primarily as a result of new promotion policies. In Field Artillery and Armor we have major structure challenges. Both of these fields were increased by over 25% in the last few years. Action has been initiated to improve the manning of these two critical fields.

The Army will continue to emphasize retention of soldiers in combat arms and space imbalanced skills while continuing to maintain total strength. As part of ongoing efforts to improve career strengths in these skills, the Army, with Congressional assistance, has expanded combat arms reenlistment bonuses for FY 1981. Other initiatives, which would require the assistance of Congress, are being developed, such as aligning pay with service member excellence, experience and level of responsibility; realistic levels of travel and transportation allowances, improved monetary incentives to encourage overseas tour extensions for space imbalanced skills, and a relief from dependent overseas ceilings.

On the officer side, the most serious problem is the retention of active component warrant officer aviators at the time they complete their initial service obligation. By the end of FY 81 the Army is estimating a shortage of 892 warrant officer aviators. To reduce this shortage, the Army has proposed legislation to equalize warrant officer flight pay with that provided commissioned officers; cross-training 40 to 50 warrant officer helicopter pilots per year into fixed wing specialties to reduce the monotony of repetitive helicopter assignments; selecting more applicants for appointment with prior military service as these individuals tend to remain on active duty longer than those without prior service; and, voluntarily recalling reserve component warrant officer aviators to active duty.

In FY 80, the Army reduced the projected active component captain shortage from 5,900 to 3,740. The shortage was a result of insufficient lieutenant accessions during FY 73 through FY 76. Although some shortage of captains is

expected to remain in FY 81, this problem will be minimized through fully qualified promotion selection policies, reduction of the time-in-service requirement for promotion to captain to 3 1/2 years, selective continuation of those captains who would otherwise be released from active duty, and voluntary recall programs designed to bring Reserve Component captains to active duty.

To meet Total Army commissioned officer accession requirements, approximately 10,500 officers from the Army Reserve Officers' Training Corps (ROTC) are required annually. The program has been producing about 6,000 officers per year since FY 1977 and is expected to produce approximately 7,000 officers in FY 82.

Through initiatives such as additional scholarships, permitting simultaneous membership in both ROTC and the Selective Reserve, and a program to expand the number of campuses where ROTC is offered, the Army anticipates achieving an annual production of approximately 10,000 officers by FY 85.

At the end of FY 80, the active component was short of its peacetime physician objective by 646 doctors (e.g., 4,627 assigned versus on objective of 5,273). Although short of the numbers required, the physician end strength "get well" plan is on target with the objective of eliminating physician shortages by the end of FY 85. This plan emphasizes both improved retention and increased accessions.

SUMMARY

The Army will man the force in the 1980s within the framework of end strength and resource constraints. We will refine the existing enlisted force management plan, and develop similar plans, including an objective force, for the officer and civilian components and the IRR. We will seek to recruit more high school graduates and stabilize that content in a declining market, and actively seek an increase in civilian manpower. We will also seek to improve the management and retention of all components through careful implementation of selected cohesion and stability initiatives. To achieve the force-manning objective within the constraints of the All Volunteer Force, Congressional assistance will be sought for five major programs:

- Increase the civilian end strength by 65,000, the number one problem today--commencing with a 10,000 increase in FY 81, and an additional 11,800 in FY 82 (a 21,800 increase above the January 1981 Budget request).
- A comprehensive educational package designed to enhance recruiting and retention.
- Reduce the pretrained manpower shortfall by increasing Reserve Component (USAR and ARNG) manning through new recruiting and retention incentives.
- Provide adequate pay and compensation for civilians by removing high grade reductions; improving the military pay and compensation system to provide better recognition of excellence, experience, and levels of responsibility; with special focus on the contributions made by the career force.
- Improve retention through a better quality of life for the soldier, to include duty and family facilities and conditions.

Success in these five programs will, in essence, chart a course which allows the molding of our Army of the 1980s into a disciplined, well trained fighting force--an Army equal to the task of defending this great Republic.

BIOGRAPHICAL SKETCH

Lieutenant General Robert G. Yerks was born in Ossining, New York, on 24 October 1928. He was graduated from the US Military Academy in June 1951 and commissioned a second lieutenant of Infantry.

After completing the Basic Infantry Course at Fort Benning, Georgia, he reported to his first assignment--that of Platoon Leader in the 60th Infantry Regiment, part of the 9th Infantry Division, then at Fort Dix, New Jersey.

He was assigned to Korea in early 1952, where he served successively as an Infantry Platoon Leader, Company Commander and Battalion Operations Officer. He returned to Fort Dix and spent the next three years with the 9th Division, serving as a Company Executive Officer, Company Commander, Small Arms Instructor and Regimental S3.

In the summer of 1956, he attended the Infantry Officer Advanced Course at Fort Benning, Georgia, then prepared for duty as an ROTC instructor with training at Fort Hayes, Ohio. He was assigned to the University of Dayton as an Assistant Professor of Military Science and Tactics in May 1957.

In August 1960, he entered the US Army Command and General Staff College, Fort Leavenworth, Kansas. His next duty was with Allied Land Forces in Southeastern Europe as Assistant Chief of the Operations Section, G1, and Secretary of the General Staff from 1961 to 1964.

As a major, he was selected for Armed Forces Staff College, Norfolk, Virginia, attendance in February 1964. He was assigned to the US Military Academy in July as a tactical officer, and later became Executive Officer of the 4th Regiment (Cadet), and then Commander of the 3d Regiment.

He was ordered to Vietnam with the 101st Airborne Division in May 1967, and shortly after that took command of the 2d Battalion, 327th Infantry.

In May 1968, he returned to the United States for duty in the Office of the Joint Chiefs of Staff. He entered the National War College in July 1969, and the following July took command of the 2d Infantry Division's 1st Brigade in Korea. He later was appointed Division Chief of Staff.

General Yerks returned to the Pentagon in August 1971, this time as Chief of the ROTC-USMA-OCS Division in the Office of the Deputy Chief of Staff for Personnel.

On 1 March 1973, he assumed duties as Assistant Division Commander of the 9th Infantry Division at Fort Lewis, Washington. General Yerks was assigned to the US Army War College as the Deputy Commandant on 26 August 1974. He assumed command of the US Army Military District of Washington on 1 August 1975 and Commandant of the US Army War College on 1 August 1977. General Yerks was assigned as Deputy Chief of Staff for Personnel, Department of the Army, in August 1978.

General Yerks has been awarded the Silver Star, Legion of Merit with 2d Oak Leaf Cluster, Distinguished Flying Cross, Soldier's Medal, Bronze Star Medal with "V" device and 2d Oak Leaf Cluster, Meritorious Service Medal, Air Medal with "V" device (11th award), Joint Service Commendation Medal, Army Commendation Medal with Oak Leaf Cluster, Purple Heart, RVN Gallantry Cross with Palm and Star, RVN Civil Actions Medal (1st Class), Combat Infantryman Badge (2d Award), Joint Chiefs of Staff Identification Badge, General Staff Identification Badge, Parachutist Badge, and the Vietnam Parachutist Badge.

He married Iris Anderson at Ossining, New York, on 10 June 1951. They have ten children: Robert A., Frank, Gary, Thomas, Roberta, David, Virginia, Irene, Patricia, Caroline.

General Yerks' interests include jogging, soccer, tennis and youth athletic programs.

PREPARED STATEMENT OF MAJ. GEN. EMMETT H. WALKER, JR.

DIRECTOR, ARMY NATIONAL GUARD

POSTURE OF THE ARMY NATIONAL GUARD

INTRODUCTION

"For three centuries a soldier in war, a civilian in peace—of security and honor, I am the custodian, now and forever . . . I am the Guard." These words from "I Am the Guard" are especially true today. One-third of the Army combat divisions are in the Army National Guard. When all infantry battalions are considered, including mechanized, ARNG represents over half the total. We also have half of the artillery battalions, 29 percent of the standard aviation assets, over 70 percent of the separate brigades, about 60 percent of the armored cavalry regiments, and one-third of the Special Forces groups. The Guard also has the only Scout Infantry Group in the Army structure, which represents the first line of ground defense in Alaska. For about 5 percent of all Army dollars, these contributions are impressive and make the ARNG one of the Nation's best bargains in the area of national security.

The role of the ARNG in the nation's defense will continue to grow in importance. Every ARNG unit except the small number scheduled for inactivation, has a valid Total Army mobilization mission. The wartime structure strength and peacetime objective strength for the Selected Reserve are projected to rise. An increasing number of ARNG units are of high priority because of essential combat and logistical support needed early upon mobilization and deployment. The ARNG must be ready to go to war—today and tomorrow. Readiness of individuals and units is required for the mission accomplishment of the Total Force. Army Guard units can achieve readiness goals given sufficient support and resources of personnel, equipment, training opportunities, and facilities—all of which require funding. The remainder of this statement will address the current status of the ARNG force and the major challenges it faces.

STATUS AND DIRECTION OF THE ARMY GUARD

ORGANIZING THE FORCE

FY 80 was a year in which the ARNG modernized some elements of its force structure to meet total Army requirements. The major actions in this area were:

Addition of a fifth armor battalion to the 40th Infantry Division (Mechanized) of the California Army National Guard to complete the division's combat structure.

Enhancement of the nuclear, biological, chemical defense capability of the 40th Infantry Division (Mechanized), California; 38th Infantry Division, Indiana; and the 49th Armored Division, Texas; by the addition of an organic nuclear, biological, chemical defense company to their structure.

Completion of the structure of the Tennessee Army National Guard's 278th Armored Cavalry Regiment accomplished by the addition of a third squadron.

Readiness posture of the Montana's 163rd Armored Cavalry Regiment enhanced by the relocation of its third squadron from Nevada to Texas, a State which has traditionally shown superior ability to support combat structure.

Army's combat capability enhanced by the approval of an additional armored brigade in the Kentucky Army National Guard structure. This brigade, which is being formed by a consolidation of existing combat and combat support elements, permits the Army to have additional combat power at minimum cost and personnel turbulence.

Other significant structure actions encompassed activating two light, anti-tank battalions which are armed with the tube-launched, optically-tracked, wire-guided weapon system (TOW); conversion of three 105mm field artillery battalions to the larger 155mm and 8-inch weapon systems; expanding the Utah linguist company to a battalion-size organiza-

tion; and the completion of a 5-year signal corps modernization effort which meets Army doctrine and is a preliminary step toward meeting the emerging integrated tactical communications system and doctrine.

In FY 81, the Army National Guard will continue its modernization efforts in consonance with Total Army requirements and resource availability. Significant modernization efforts programed for FY 81 are the conversion of armored cavalry organizations and the completion of the formation of the separate armored brigade approved in FY 80. Other actions are scheduled which modernize the nondivisional structure of the ARNG to meet service support requirements, e.g., upgrading of maintenance and transportation organizations.

MANNING THE FORCE

Manning the force and maintaining its strength has been the primary concern of the ARNG since FY 1974. Beginning then, our strength declined from 411,000 to 344,000 in FY 78. During this period, a concerted effort was made to correct this decline and by FY 79, stablilization of strength was achieved.

A dramatic reversal of the strength trend occurred during FY 80, with gains exceeding losses during each month. The year ended with a net gain to assigned strength of 21,280. The favorable turnaround resulted from our aggressive recruiting and retention programs, incentive programs, and flexible enlistment and training options aided by the state of the economy and world situation.

While the current trend is encouraging, assigned strength remains 50,000 below our desired peacetime level. In order to further reduce this shortfall, programs for FY 1981 include further expansion of the recruiting force, increased educational assistance payments, expansion of monetary incentives to soldiers in critical skills in all units, an enlistment bonus to designated prior service enlistees (Affiliation Bonus), and increased emphasis in the area of retention. Programs requested for FY 1982 include incentives for all prior service enlistees in high priority units and critical skills which is pending congressional approval, and expansion of the full-time recruiting and retention force. With the approval of these programs, assigned strength should reach the peacetime level by FY 1987.

Analyses are underway to prepare additional initiatives which would be required to achieve objective strength levels prior to FY 1987. Additional resources will be required to support some of these programs, while policy changes may be necessary for others. For example, as recruiting and retention performance is observed and analyzed, it may be in the best interest of the Guard to transfer recruiting spaces to a retention function, or vice versa. Currently, this management prerogative is controlled by Congress. These programs can be more responsive to needs if control is decentralized to ARNG level.

ARNG enlistments were 102 percent of the program during FY 1980. Forty-eight percent were prior service personnel and 52 percent were nonprior service enlistees. The percentage of NPS accessions should continue to increase due to the incentive programs and enlistment options available to this target group.

While recruiting accomplishments may be attributed in part to enlistment incentives and improved enlistment options, the success enjoyed in FY 80 was largely the result of the outstanding efforts of a highly motivated and truly professional ARNG Full-Time Recruiting Force (FTRF), with the help and support of Guardsmen at every level.

The minimum standard of not enlisting more than 18 percent NPS personnel in Test Category IV has been met with actual enlistments averaging less than 10 percent since FY 78. Concurrently, Test Categories I and II have shown steady increases. The number of high school seniors continues to increase, and is attributable in large measure to the split training option and enlistment incentives. High school seniors and high school graduates totaled 61 percent of nonprior service accessions. ARNG has also maintained the minimum standard of enlisting not more than 45 percent non-high school graduates. For FY 81, the goal for high school graduates and seniors has been raised to 60 percent of all nonprior service enlistments.

The Selected Reserve Incentive Program, started in FY 79, contributed to the significant strength gains made during FY 80. In FY 80, incentives were awarded on a unit basis, i.e., for all skills in designated high priority units. About 47 percent of the enlisted structure was eligible for enlistment incentives and 15 percent for retention incentives. During FY

80, new bonus payments were made to 11,996 Guard soldiers enlisting for 6 years, 5,868 Guard personnel reenlisting and 74 enlisting under the Educational Assistance option. In FY 81, the coverage for these incentives was expanded to critical skills in all units, and the current structure strength covered is now 71 percent for the enlistment bonus and 54 percent for the retention bonus. Although these incentives are improving the strength posture of our units, more is needed. Because it is critical that all units are at full strength, the ARNG is now analyzing a proposal to extend these incentives to all skills in all units. This proposal will be an important step toward making that possible.

ARNG is continuing to emphasize the use of Armed Forces Examining and Entrance Stations (AFEES) in processing and enlisting personnel. This program has contributed significantly to a reduction in ARNG losses at the basic training centers due to medical and mental reasons. A total of 42,109 ARNG applicants were processed at AFEES during FY 80, as compared to 31,911 during FY 79. This was a 32 percent increase.

Enlisted losses during FY 80 totaled 74,031, with losses prior to end of term service (non-ETS) comprising 64.2 percent of the total. Although an improvement over the previous year, these losses remain too high. A definitive loss code system became effective this year which will more clearly reflect the reasons for attrition. Together with the attrition management initiatives started in FY 80, these programs should cause non-ETS losses to decline significantly.

With the authorization of 79 full-time Retention NCO positions in FY 81, the ARNG has fielded the first increment of a Full-Time Attrition/Retention Force. This force is designed to supplement the retention efforts of ARNG units. The initial positions are located primarily at State level to assist in the development and organization of a centrally managed Statewide retention program. An additional 179 full-time Retention NCO positions are programed in FY 82 to assist unit commanders in achieving strength retention objectives.

Two factors served to stimulate rapid growth of the enlisted Inactive National Guard (ING) membership during FY 80. The first was a National Guard Bureau policy change which allows the ARNG to retain in the ING those members who leave the Selected Reserve for specified reasons prior to fulfillment of their contracted term of service. Under this authority, State Adjutants General selectively transfer members to the ING or Individual Ready Reserve (IRR) for the remainder of their service committment. The strength of the ING rose to 5,534 (4,870 enlisted) by the end of the fiscal year, largely as a result of this policy change. Second, Congress authorized a reenlistment bonus program for the ING. Only personnel who have completed their service obligation are eligible for this bonus. The program was implemented early in FY 81.

Officer procurement during FY 80 was extremely successful, largely as the result of the innovative programs introduced in 1978 and 1979. We continued to introduce new programs in FY 80. One of these programs contacts junior officers and warrant officers prior to their discharge from the active component service in an effort to encourage them to join the ARNG. Another, the Chaplain Candidates Program, recruits seminary and theological students. Selected students are designated as chaplain candidates and are commissioned second lieutenants. Upon graduation, they are appointed first lieutenants, Chaplains Corps. This program will assist in alleviating our chaplain shortages.

The AMEDD Officer Accession Program, implemented in March 1979, is currently being revised to meet the shortage of health care professionals in the ARNG. Implementation of the first phase of the ARNG AMEDD Readiness Procurement Force for FY 81 authorizes one AMEDD officer for the medical brigades located in California, Mississippi, and Ohio. These officers are dedicated to the recruiting and retention of health care professional personnel. The AMEDD recruiting and retention program will expand the Full-Time Recruiting Force (FTRF) in FY 82 by a total of 32 AMEDD officers and 6 enlisted administrative personnel. Other AMEDD programs include unlimited over-strength for certain Army Medical Department personnel, direct appointment, and Reserve of the Army medical/dental student commissioning.

Although medical corps officers and physician assistants continue to show serious shortfall, the FY 80 total AMEDD officer accessions were 104 percent of the FY 80 objective. In general, the health professional strength is improving.

Category	Authorized	On Duty End FY 79	On Duty End FY 80
Medical Doctors	1,252	531	682
Dentists	207	185	238
Nurses	669	562	677
Physicians Assistants	261	114	138

Innovative basic branch officer procurement programs such as early commissioning and the Simultaneous Membership Program (SMP) have been highly successful. SMP permits an individual to enlist in the ARNG as an officer trainee while remaining a member of advanced ROTC. Upon completion of ROTC, the individual can be commissioned as a second lieutenant in the ARNG while completing the requirements for a baccalaureate degree. Enrollment projections indicate that ARNG SMP enrollment during FY 81 will approach 2,800, approximately double the FY 80 enrollment.

Despite encouraging trends in officer procurement, major concerns persist. The Reserve Officer Training Corps (ROTC) has not been able to produce the required quantity of accessions for the Total Army. The latest Department of the Army ROTC projections for the ARNG do not increase significantly from the FY 80 procurement level until FY 84. The assignment of ARNG officers to ROTC detachments and additional funding of ROTC scholarships for the Selected Reserve are significant factors in the projected increase of ROTC accessions.

As total strength increased (FY 79 to FY 80), minority percentages remained relatively constant. Following is a minority strength breakout from FY 77 to present:

FY	Total Minority Strength	%	Black Strength	%	Female Strength	%
77	85,304	23.4	54,595	15.0	12,908	3.5
78	90,038	25.9	58,594	16.9	13,715	4.0
79	90,934	26.2	59,047	17.0	14,634	4.2
80	95,023	25.8	61,524	16.7	16,868	4.6

The Full-Time Support Program continues to be the key factor in the attainment of mobilization readiness objectives. The major share of that full-time force are the technician force and the military personnel hired in the conversion to full-time military.

These personnel provide the day-to-day administrative unit and headquarters support throughout all the States down to every troop unit. The congressionally directed test to determine the Guard's ability to attract and hire personnel in a full-time military status was completed 30 June 1980. In December 1980, OSD forwarded the results of the test along with recommendations to Congress for decision. This test proved that the ARNG could hire fully qualified personnel to fill these positions. The Additive Full-Time Manning Program was implemented in FY 80 to provide additional personnel in full-time military status to improve training and mobilization readiness of high priority units. We believe this program also is critically important to our readiness improvement. Our commanders in the States tell us that this program should be expanded to all units. We fully support their position, and given the authority and resources, would implement this expansion immediately.

EQUIPPING THE FORCE

Our logistics mission is to equip and maintain Army National Guard units in an adequate state of materiel readiness for mobilization and early deployment. This objective constitutes a challenge equal to manning the force.

During FY 80, ARNG equipment status remained relatively constant. At "standard prices" (actual cost at time of purchase), the ARNG received equipment valued at $261 million during the fiscal year. At the end of FY 80, ARNG assets equalled 69 percent of wartime requirement and 75 percent of current authorization. The value of equipment authorized the ARNG is $10.2 billion as of the end of FY 80. On hand standard asset values remained at $7.6 billion. Ninety-seven percent of on-hand equipment is classified Standard A or Standard B. Standard A equipment generally consists of the modern assets. Standard B items are older, but still fully supportable. Both are deployable. Mission Essential Contingency items (MECI) maintained in the ARNG inventory are valued at about $0.2 billion. These items are supportable in an area of combat operations but fall short of being classified modern by current standards.

While most of the equipment on hand in ARNG units is combat deployable, some of it is not fully compatible with the equipment found in similar active component units. For example, our older generation communication equipment does not fully interface with the newer Army systems. Similarly, the use of older, less sophisticated radar and fire control systems severely constrains operational compatability. The current shortage of firstline, modern equipment delays attainment of materiel readiness goals, and in some cases adversely impacts on training effectiveness, especially during joint Active/Reserve Component exercises. While this condition will not necessarily preclude Guard mission accomplishment in a "come as you are" war, the issue of equipment compatability is of critical concern. Efforts are being made to minimize or eliminate conditions that restrain total force equipment compatability.

Under existing procedures, ARNG equipment requirements are included in the Army Acquisition Objective, and issues from the supply system are made in accordance with established Total Army priorities. Increasing demands for equipment to preposition in Europe (POMCUS) and foreign military sales (FMS) requirements, combined with procurement limitations, have placed extensive demands on the Army Supply System. The resulting reduction in issues to the ARNG has in many cases constrained unit readiness improvement and delayed projected modernization. Continuation of these reduced issue levels for an extended period will seriously degrade the ARNG equipment posture.

The ARNG intensively manages its equipment to insure that both mobilization readiness and unit training programs are efficiently supported. Priority for issue of the most modern equipment goes to the highest priority, earliest deploying units. In addition, equipment distribution patterns must provide for maximum beneficial utilization of all equipment assets on hand. All units must be provided with sufficient equipment assets to conduct a meaningful training program, regardless of deployment schedules. Much of the heavy tracked equipment assigned to ARNG units is positioned at designated mobilization and training sites. This equipment is available for ARNG use during inactive duty training and annual training at those locations. Many Active Component and other Reserve Component units are also supported by ARNG equipment during various training exercises. The concept of positioning unit equipment at designated mobilization and training sites is cost effective, and supports both training and mobilization requirements.

The ARNG continues to modernize its logistics management capability, with the eight ARNG divisions, 14 separate brigades, and 3 roundout brigades currently operating the Division Logistics System (DLOGS). This card processing system automates property book and repair parts management, and will provide improved logistics readiness for commanders. Although one additional brigade will convert to DLOGS in FY 81, extension to the remaining brigades has been deferred indefinitely due to the lack of computer hardware. Looking toward further modernization, one nondivisional direct support unit has received the new Data Processing System, Automated (formerly known as the Decentralized Automated Service Support System (DAS 3)). The system automates routine supply management and provides the commander instant inventory visibility. Due to slippages in production schedules, delivery for the remaining 39 eligible units is now scheduled in the FY 81-82 timeframe.

The ARNG ground maintenance program continues to function well. Strong emphasis is placed on operator preventive maintenance and the use of unit maintenance personnel to accomplish organizational level maintenance.

Our Aviation Logistics program continues its outstanding support to the ARNG aircraft fleet, as the operational readiness rate exceeded the Department of the Army standard for the fifth consecutive year. This is a significant accomplishment, particularly when considering the varied aircraft systems supported by the ARNG maintenance program.

During FY 80 and early FY 81, nine AH-1S "TOW Cobra" attack helicopters were transferred from the Active Army to the ARNG. During the remainder of FY 81, five additional aircraft are scheduled for transfer while 12 more will come from new procurement. Receipt of these aircraft and those to follow will allow selected ARNG attack helicopter companies and maintenance support units to perform their mission upon mobilization and subsequent deployment with the preferred AH-1S weapons system. Of concern are those units who do not have the AH-1S available for training, and of necessity must continue to be equipped with the nondeployable UH-1C/M aircraft.

The Total Army faces a serious problem in that upon mobilization many of the aircraft systems currently in the ARNG inventory will not be supportable due to the nonavailability of repair parts in the theater of operations. This is particularly true of the attack and observation helicopters. For example, ARNG is authorized 406 attack helicopters.

Although 354 are on hand, only 19 are deployable. Continued efforts are required at all levels to insure the ARNG is equipped with modern aircraft so that our pilots and maintenance personnel are trained with the equipment they will use and maintain in combat.

In terms of ARNG funding for stock fund items, the organizational clothing and equipment program continues as the most critical logistics support area. Procurement from the Army Stock Fund is the singular source for specific unit support items such as medical field sets, tentage, tool and test sets, chemical defense equipment supplies, fire detection sets, mounts and installation kits, winter clothing, safety items, and sleeping gear. The adequacy of stock fund support is critical to unit mobilization and deployment readiness. At the current rate of procurement support, the ARNG clothing and equipment shortages (totaling over $206 million at end FY 80) will not be filled until FY 87 at the earliest. Problems in this area are compounded by budget constraints, rapid cost growth, and increased sophistication in authorized items of military equipment. The continued and unprecedented cost growth for repair parts and petroleum products is also of concern.

TRAINING THE FORCE

In October 1980, 72 percent of ARNG units achieved their training readiness level objective, as compared to 64 percent 1 year earlier. With resourcing of ongoing programs and new initiatives in the FY 82 budget, we anticipate an even greater increase this training year. The basic vehicle for training ARNG units continues to be home station unit training assemblies. The FY 82 program includes the 48 training assemblies and 15 days of annual training required by statute for every ARNG unit.

Certain units and individuals are required to maintain special skills, e.g., aviators, airborne personnel, nuclear capable field artillery units, personnel responsible for the planning and preparation of readiness training, and operations security training. These personnel are authorized additional training assemblies. Airborne units are provided six additional training periods for airborne proficiency training. Aviators and enlisted crew members are authorized 24 additional flight assemblies for indiviudal flight proficiency. Four additional training assemblies are programmed for selected personnel of all ARNG 155mm and 8-inch field artillery battalions to improve their proficiency in nuclear training standards. Two additional training assemblies are programmed for the training of all ARNG battalion and separate company commanders in operations security (OPSEC) procedures and techniques.

The Army National Guard Schools Program supports the input of ARNG personnel into various military schools which provide individual training above the Basic Combat Training (BCT) level. In FY 1980, 54,333 individuals participated in military education above the BCT level. It is anticipated that 45,934 ARNG individuals will participate in military education programs during FY 81.

In meeting the challenge of training ARNG aviators, the ARNG has developed the capability to locally qualify or transition rated aviators into all supported aircraft except the OV-1 Mohawk. With this capability, the progression to the highest level of readiness can be accomplished with minimum delay. To complement this training, the ARNG, in conjunction with the U.S. Army Aviation Center, conducts an annual program of instructor refresher training courses. This results in the trainers being kept abreast of the latest techniques and methods of training in Army aviation. Maintaining our aviator force is also becoming a difficult challenge. Trained Vietnam-era veterans are no longer available. The ARNG as well as the rest of the Army needs an expanded undergraduate pilot training program. This problem will become acute by the mid-1980's as aging ARNG pilots retire or leave the force.

The Active Component/Reserve Component (AC/RC) Partnership Program, which includes all ARNG divisions, separate brigades, and armored cavalry regiments, was implemented in FY 80 to solidify the mutual support relationship already established. The Partnership Program is a year-round effort whereby AC units provide training support, evaluation, and assistance to their designated ARNG "partner" units.

The Affiliation Program continues to be an outstanding vehicle for improving the readiness of selected ARNG units through dedicated support by AC units. The program is composed of three categories:

ROUNDOUT—ARNG and United States Army Reserve (USAR) units designated to raise understructured AC divisions to desired configurations. The ARNG has four brigades and six battalions designated as roundout affiliates.

AUGMENTATION—ARNG and USAR units designated to increase the combat power of AC divisions or brigades that have a standard configuration. The ARNG has five brigades designated as augmentation affiliates.

MOBILIZATION AND DEPLOYMENT CAPABILITY IMPROVEMENT (DCI)—ARNG and USAR units that require dedicated AC assistance to meet mobilization or deployment schedules are affiliated to improve their readiness condition. RC units in this category do not deploy with their AC sponsors. The ARNG presently has 31 battalions and 16 company-size units designated as DCI affiliates. During the past 2 years, this program has been expanded with the addition of the 16 ARNG company-size units. These units were selected because they are scheduled to deploy during the D to D+30 timeframe. We are now considering expanding the program to include 54 more units.

Training outside the United States is a key factor in preparing ARNG units for successful transition to a wartime environment. Last year, the Department of the Army developed procedures which will officially establish a direct link between all Army units and their wartime chain of command. This initiative, called the Army CAPSTONE Program, is designed to improve wartime planning and preparation through the organization and training of a force structure designed to meet a particular contingency mission. Under CAPSTONE, each aligned unit is aware of its wartime chain of command, its probable wartime mission, and probable area of deployment. Planning and training associations are established among aligned units to exchange information, formulate mission plans, and conduct training oriented toward the units' contingency mission.

There are numerous other training readiness improvements being implemented which are designed to capitalize on CAPSTONE. The additive full-time manning (AFTM) program will expedite the mobilization capability of ARNG units by improving training readiness. Full-time support, along with other Army initiatives such as the partnership program, affiliation program, overseas deployment training, and increased participation in joint training exercises (JTX) will improve training. Realistic and meaningful training through the use of Skill Qualification Testing (individual training) and the Army Training and Evaluation Program (unit training) is helping to increase soldier skills and unit performance. During FY 81, the ARNG will test the conduct of a 3-week (21 day) annual training period and evaluate its impact on unit members and the community. The purpose of this test is to determine the degree of readiness improvement that can be achieved in a 3-week period.

During Training Year 1981, 73 ARNG units/unit cells will participate in approximately 2 weeks of intensive training with overseas commands. This realistic deployment training is the only way to fully expose Guard units to their NATO mission in a 2-week training period. This type of training follows the Total Army policy of providing Guard soldiers realistic, mission-oriented training performed in the geographic area of probable employment with Active Component units. Further, the success attained by ARNG units in responding to mission requirements immediately upon arrival in an overseas area is a vivid example to our active component gaining commands and NATO allies of the operational effectiveness of our units. ARNG units training in Europe have shown a capability to perform their mission immediately upon arriving in country. They often assume the mission of their Active Army counterpart during the 2-week annual training period, allowing the active unit to concentrate on other training tasks. Overseas deployment training for ARNG personnel also yields some important side benefits by raising esprit de corps in the units and contributing to the retention of personnel.

Our emphasis continues to be in the direction of providing this type of training to early deploying units on a cyclical basis. Over 50 percent of those ARNG units selected for such training in Europe during FY 80 were in the D - D+30 early deploying, high priority catagory. Other participating units are also early deploying, with con-tingency missions scheduled within the D to D+60 timeframe. More than any other, this program provides unusually productive opportunities for exercising assembly, movement/deployment, employment, maneuver, environmental and area orientation, plus command and control procedures. It is the Total Army in action.

ARNG participation in joint training exercises (JTX) continues to provide our units with training opportunities that are not normally available in a unit training atmosphere. ARNG combat, combat support, and combat service support units are tasked to perform realistic missions alongside their active counterparts in a joint service environment that challenges them to produce under realistic and stressful conditions.

During FY 80, the ARNG for the first time deployed a complete battalion to Europe to draw POMCUS stocks and participate in JTX REFORGER. The success of this exercise

proved the ARNG capability to respond to its deployment mission. In coordination with HQ FORSCOM, NGB is developing a 5-year exercise schedule for participation of ARNG units in the JCS joint exercise program to capitalize on the potential of this type of training.

In addition to joint readiness exercises, ARNG headquarters units conduct annual command post exercises at home stations, National Guard training sites, and active posts. Assistance teams from Readiness Groups and Maneuver Area Commands serve as exercise directors. These exercises provide our commanders and staffs excellent opportunities to sharpen their skills while subordinate line units are participating in unit training.

Battlefield simulation devices are being utilized to improve training readiness of ARNG units. Computer-assisted war games--Combined Arms Tactical Training Simulator (CATTS) and Computer Assisted Map Manuever System (CAMMS) are available to all armor and mechanized infantry units. During FY 81, over 85 staffs will participate in a CAMMS or CATTS exercise. Other manual battlefield simulations are also available to the small unit commander to provide training at the company and battalion staff level.

Improved nuclear, biological, and chemical (NBC) defense training was a specific goal during FY 80. Through command emphasis and increased funds to purchase chemical defense equipment (CDE), the ARNG did manage to increase from 75 to 80 percent the number of units rated proficient in NBC training on the annual training evaluation reports. Although this improvement is significant, NBC defense training remains a weakness. Additional CDE will be required to continue improving the NBC defense training posture of the ARNG.

Increased close-to-home-training in a field environment is the goal of a weekend training site program started in FY 79. This program, designed to provide improved training facilities within a reasonable distance from the unit's home station, will enhance initiatives already taken while reducing cost and energy use. The program will take full advantage of new and improved training devices and techniques such as scaled ranges. The travel time reductions plus improved performance-oriented training should provide dividends in recruiting, retention, and esprit de corps as well.

An ongoing training site study has shown that more billets, ranges, and support facilities are necessary to enable expanded use of our training locations for both weekend and annual training. The Training and Doctrine Command is determining the types of ranges we should consider, i.e., scaled-tank and artillery ranges and live-fire attack courses. Implementation of these innovations will depend on the construction funds available. The $42.3 million appropriated for construction in FY 81 is far below the minimum annual funding requirement of $60.0 million. If programed readiness levels are to be achieved and maintained, additional military construction funds must be provided.

Keeping existing training facilities in a satisfactory state of repair is a constant challenge. Careful management of the minor construction program is insuring the efficient expenditure of Federal dollars. Currently, the Backlog of Maintenance Repair (BMAR) stands at $50 million. We will strive to contain BMAR and work towards an orderly and progressive reduction within available funding. However, even containment of BMAR is not achievable within current funding levels. Maintenance of ARNG facilities must have a higher priority if effective training programs are to be conducted.

MOBILIZING THE FORCE

Our units must be ready to mobilize and deploy rapidly. Four ARNG brigades roundout Active Army divisions, while numerous combat service support units assume deployment missions. The vast majority of the combat service support units are found only in the Reserve Components. This underscores the reliance the Active Army places on ARNG forces.

The ARNG is constantly improving its capability to mobilize and deploy. Recently, a direct deployment exercise involving 12 units was completed. In this test, the units alerted and mobilized at home stations for a direct deployment to Europe from the nearest capable airfield. These units also completed all preparatory requirements for deployment. Although this exercise proved the feasibility of directly deploying ARNG units, numerous problems must be corrected in order to streamline the process. The ultimate goal of this program is a significant reduction in post-mobilization processing requirements and more rapid deployment.

In addition to the training exercises discussed earlier, ARNG participation in two new exercises is planned for FY 81:

- Readiness for Mobilization Evaluation (REMOBE). This exercise is designed to evaluate and improve the present mobilization procedures for the ARNG. REMOBE will provide an accurate assessment of ARNG capability, validate ARNG mobilization planning, and assess the impact of readiness improvements to the ARNG at the unit level.

- Mobilization/Deployment Exercise. This exercise is based on the results of the direct deployment test conducted in FY 79/80. The exercise is intended to expand the benefits derived from sending ARNG units to overseas deployment training. Units scheduled for deployment training will participate in a mobilization and preparation for deployment exercise prior to deployment. The mobilization scenario from REMOBE, plus the preparation and certification for deployment would be included. Active Army commands and the ARNG will jointly establish exercise requirements and conduct subsequent evaluations.

The ARNG actively participated in PROUD SPIRIT/MOBEX 80. The primary thrust of MOBEX 80 was to exercise plans at the State level and to test the capability of our State organizations to effectively support the mobilization process. It confirmed that the States have this capability. This exercise also evaluated existing mobilization plans, regulations, and directives. ARNG is planning a follow-on exercise in FY 81/82.

SUMMARY

The ARNG plays a central role in our national defense. The capability of our citizen soldiers to respond to the most demanding wartime missions is a matter of record. We have many problems, but we have made progress and are proud of our accomplishments, especially in the area of our improving strength posture. We look forward to even further improvement in the next 2 years. We appreciate the continuing strong support of the Congress.

BIOGRAPHICAL SKETCH

Major General Walker enlisted in the United States Army in December 1942, attended Officer Candidate School at Ft Benning, GA, and was commissioned a second lieutenant, Infantry, on 23 May 1944. He served with the 95th Infantry Division in the European Theater during World War II and was separated from active service in March 1946.

On 22 May 1949, General Walker joined the Mississippi Army National Guard as a first lieutenant. He was promoted to captain on 3 January 1951.

General Walker was ordered to active duty on 16 January 1951 with the 31st Infantry (Dixie) Division during the Korean Conflict and served with the Far East Command Headquarters in Japan until 25 September 1952.

General Walker returned to the Mississippi Army National Guard where he served in several positions. Promotion to major came in February 1955. In December 1961, General Walker was promoted to lieutenant colonel and took command of the 4th Howitzer Battalion, 114th Field Artillery. He became commander of the 631st Artillery Group and was promoted to colonel on 19 February 1968. Appointed Assistant Adjutant General for the Mississippi Army National Guard on 16 February 1972, he was federally recognized as brigadier general, Adjutants General Corps, on 4 August 1972.

General Walker was appointed brigadier general, Army of the United States, and ordered to active duty as Special Assistant of the Director, Army National Guard, National Guard Bureau, on 15 October 1976. He was reassigned as Deputy Director, Army National Guard, National Guard Bureau, and federally recognized as brigadier general of the line effective 17 November 1976.

He was appointed as the Director of the Army National Guard on 16 August 1978 and promoted to the grade of major general on 22 August 1978.

General Walker has been awarded the Silver Star, Legion of Merit, Bronze Star with V Device, Meritorious Service Medal, Army Commendation Medal, Good Conduct Medal, and numerous other decorations.

PREPARED STATEMENT OF MAJ. GEN. WILLIAM R. BERKMAN
CHIEF, ARMY RESERVE

Mr. Chairman and Members of the Committee:

I am honored to present the FY 1982 budget request for the Army Reserve and the Reserve Officers Training Corps. I also welcome this opportunity, on behalf of all members of the Army Reserve, to express my appreciation for the support you have provided for measures to improve the strength and readiness of the Total Army.

A ready, capable Army Reserve is required as part of the Total Army to accomplish its peacetime mission of deterrence and, should deterrence fail, to reinforce and sustain the force.

Not too many years ago the Army Reserve was, as Webster defined the word, "an extra supply" to be used if the primary supply was insufficient. That definition, in the context of today's Army Reserve, is no longer applicable. Today's Army Reserve is an integral and essential part of the Total Army and must be capable of performing wartime missions from the outset of hostilities. The number and types of units in the Total Army are determined by requirements for a balanced 24-division force, including necessary support. That force is then allocated to the Active and Reserve Components. Each element of the Total Army contributes to the whole, resulting in an inter-dependence of all components to form an Army which must be capable of performing its peacetime and wartime missions.

Army Reserve units are primarily combat support, combat service support and general support. They also include significant combat forces. These forces are required to provide a balanced Total Army. Examples of the contribution of Army Reserve units to the Army's structure are indicated in Figure 1.

FIGURE 1

EXAMPLES OF US ARMY RESERVE UNITS AS A PERCENT OF THE TOTAL ARMY UNIT STRUCTURE*

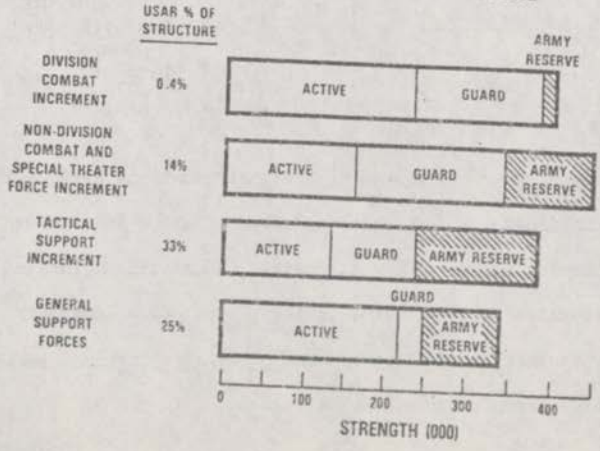
TYPE UNIT	% OF ARMY STRUCTURE
TRAINING DIVISIONS	100%
TRAINING BRIGADES	100%
CIVIL AFFAIRS	97%
LIGHT EQUIPMENT MAINTENANCE COMPANIES	68%
FIELD SERVICE COMPANIES	62%
ARMY SECURITY AGENCY	56%
CONVENTIONAL AMMUNITION COMPANIES	54%
MEDICAL **	44%
SUPPLY AND SERVICE COMPANIES	39%
SPECIAL FORCES	33%
PATHFINDER	30%
TRUCK COMPANIES	30%
COMBAT ENGINEER BATTALIONS	24%
HEAVY EQUIPMENT MAINTENANCE COMPANIES	15%
AVIATION	13%
FIELD ARTILLERY BATTALIONS	9%
SEPARATE BRIGADES	8%
INFANTRY BATTALIONS **	7%
MECHANIZED INFANTRY BATTALIONS **	2%
TANK BATTALIONS **	2%

*Current structure as of 2 January 1981
**Includes organic and separate elements

Army Reserve units constitute 33 percent of the Army's tactical support increment and 25 percent of general support force increment (Figure 2). In addition, the Individual Ready Reserve constitutes the essential mobilization pool, providing resources across the Total Army.

FIGURE 2

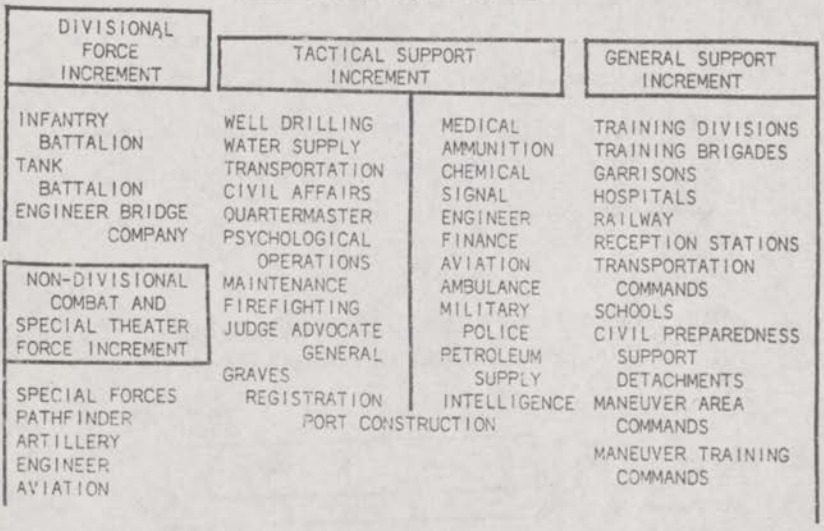
ARMY RESERVE TROOP PROGRAM UNIT CONTRIBUTION TO TOTAL ARMY WARTIME UNIT STRUCTURE



Type units in the Army Reserve structure are shown in Figure 3. The importance of the Army Reserve continues to grow. An increasing number of Reserve units have been assigned high priority because of essential combat service and logistical support needed early upon mobilization and deployment, and for support of the Rapid Deployment Force. Recently, several Army Reserve units have been identified for inclusion in the Army's portion of the Rapid Deployment Force because of the essential combat support and combat service support they represent. Wartime structure strength and peacetime objective strength for the Selected Reserve is projected to increase. Modernization and structure changes reflect new doctrine, accommodations to new weapons systems, and decisions adding missions to the Army Reserve.

FIGURE 3

TYPE US ARMY RESERVE UNITS



Readiness of Army Reserve units and individuals is essential for Total Army readiness. I am pleased to report that FY 1980 showed a 7 percent increase in troop unit strength. Congressional funding and support of expanded training opportunities, pay, and enlistment/reenlistment incentives have contributed to this significant improvement in Army Reserve troop program unit strength.

RESERVE PERSONNEL, ARMY

The FY 1982 Reserve Personnel, Army (RPA) request is $955.2 million. It includes $621.9 million for unit and individual training and $333.3 million for other training and support. Of the $333.3 million, $58.1 million is for Army ROTC, and the $15.2 million for the health professions scholarship program.

Army Reserve Strength

Manning the force remains a primary objective. The Army Reserve consists of over 200,000 in the troop unit program and an almost equal number in the Individual Ready Reserve.

Paid Drill and Selected Reserve Strength

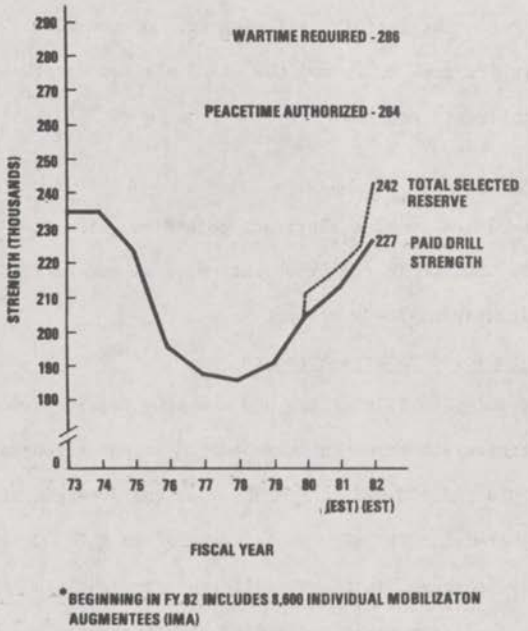
From a low point in 1978 of 186,000 the Army Reserve troop unit and Reserve enlistee end strength increased to an end strength of 189,990 in FY 1979 and 202,627 in FY 1980. An end strength of over 214,000 is projected for FY 1981--an increase of over 28,000 since 1978. Incentive programs, increased full-time personnel in high priority units, the partnership recruiting effort between the US Army Recruiting Command and Army Reserve units, and expanded opportunities for mission oriented training contribute to these gains. A summary of Army Reserve strength for FY 1973 through FY 1980 and the projections for FY 1981 and 1982 are shown in Figure 4.

Pay and allowance increases, such as those included in the Fair Benefits package, will greatly assist the recruiting and retention effort. It also provides the Army Reserve with an opportunity to become more economically competitive with alternative part-time employment. These incentives represent the kinds of programs that are required to bring the Army Reserve to the desired peacetime authorized strength.

The Troop Program Unit and Reserve Enlistee Program (REP) FY 1982 end strength was originally projected at 221,727; however, current forecasts indicate that the Army Reserve will achieve an additional

Figure 4

ARMY RESERVE END STRENGTH



paid drill and REP of approximately 2,800 in FY 1981 and 5,600 in FY 1982. This strength increase has been provided for in an FY 1981 supplemental request and FY 1982 budget amendment.

In addition to paid drill and REP strength the Selected Reserve includes Reserve full-time support personnel, and, for the first time, in FY 1982, members of the Individual Ready Reserve who are designated as Individual Mobilization Augmentees (IMA) and fill critical predesignated positions upon mobilization. The total Selected Reserve end strength was originally expected to rise to 236,612 and is currently projected at 242,212 which includes the additional 5,600.

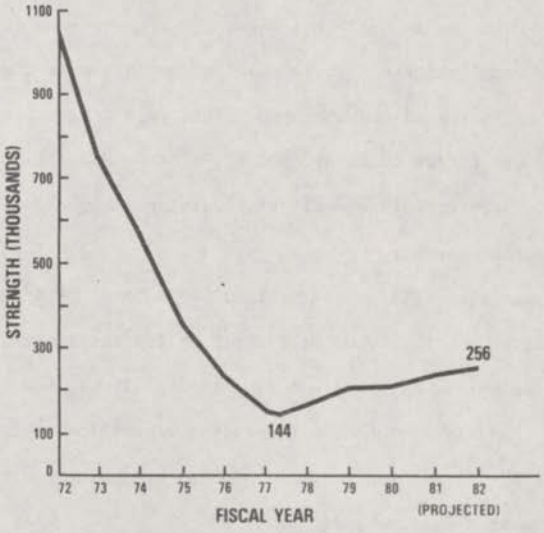
Individual Ready Reserve Strength

The IRR which reached a low of 144,000 in early 1978 increased to 205,300 at the end of FY 1980. This increase is due primarily to changes in Army policy requiring all obligated soldiers in the IRR to be retained for the full term of their commitment.

Future strength increases in the IRR will result from a combination of the reenlistment program incentives, administrative and management actions, and the by-product of enlistment programs for the Active Component and Selected Reserve. Potentially, strength increases could result in an FY 1982 end strength of 256,000 (Figure 5). However, 8,600 of these personnel are also counted as part of the Selected Reserve, as IMA's in FY 1982. Congressional authorization of the 8,600 individuals as a part of the Selected Reserve will permit the Army to bring them on Active Duty under the President's 100,000 call-up authority.

Figure 5

INDIVIDUAL READY RESERVE STRENGTH



Reserve Incentives

The RPA budget for FY 1982 requests $24.1 million for incentives for the troop units and $6.5 million for a reenlistment incentive for the IRR.

The $24.1 million includes resources to expand the current enlistment and educational assistance programs from 50 percent to 67 percent of the force and the reenlistment incentive coverage from 24 percent to 51 percent of the force strucutre. Incentives are currently paid based on the

mobilization priority of the unit, and the USAR is currently revising this incentive eligible listing. The revision is expected to provide an even greater coverage of the force by FY 1982.

During the period November 1978 through July 1980, units that offered both enlistment and reenlistment incentives for membership increased in strength 13.1 percent. Units that offered only the enlistment bonus have increased 8.2 percent, while units that did not have these incentives available gained only 4.6 percent. In June 1980 additional high priority units were added to the list of units eligible to receive incentives. These new high priority units are expected to demonstrate a similar growth pattern. Another salutary effect of these incentives is to support the retention efforts of the Army Reserve chain of command to reduce turnover in units and encourage longer terms of service and increase reenlistments. Improvement in retention is a major contributing factor to increased end strength. This is a reflection of the leadership of the entire chain of command, officer and enlisted, which has resulted in more effective realistic training, improved training management and retention programs.

The FY 1982 budget also allows $4.7 million for a bonus designed to attract trained soldiers who have completed their initial enlistment term in the Active Component, but have not completed their military service obligation. Individuals possessing designated critical skills will be paid a bonus of $25 per month for each month remaining on the MSO for affiliating with a Reserve troop unit.

The $6.5 million is requested to continue payment of a reenlistment bonus, begun in FY 1981, which is designed to retain pretrained nonobligors in the IRR.

Full Time Support

The full time support program provides Reserve Personnel in eight major categories. They include direct unit support for training, administration and logistical matters, augmentation support at headquarters, full time recruiters, and unit level retention personnel.

Full time manning and those civilian or technicians who have converted to military positions comprise the largest portion of the full time support program. These individuals are involved in direct unit level support. Experiences of the Reserve Components of the other services have indicated a high correlation between the percentage of full time personnel assigned to a Reserve Component and Reserve unit readiness. Historically, the Army Reserve has had the lowest percentage among all the services of full time unit support personnel. The continuation and expansion of this program has great potential for improving unit readiness.

In addition to military technicians, the FY 1982 budget provides for an end strength of 2,089 Army Reserve personnel and 770 Active Component personnel assigned to support higher priority Army Reserve units. Qualified full time personnel will be assigned in areas that are most critical to unit readiness such as training, supply management, maintenance and administration.

Conversion of Reserve Civilian Technicians

A test program was initiated in FY 1979 at Congressional direction to determine the feasibility of converting Army Reserve civilian technician positions to full time military personnel. As directed by Congress the test terminated July 1, 1980 and an evaluation of the effectiveness of the program was completed.

In reporting out the 1981 Defense Appropriation Bill, Congress directed that no further military fill of technician positions take place before 31 March 1981 and after that date only if approved with the normal prior-approval reprograming process. The Department of Defense evaluation of the technician conversion test which has been provided to the Congress recommended that DOD be authorized to establish the mix of military technicians, Active Guard and Reserve (AGR) personnel, Active Component personnel, and civil service employees which will provide the best full-time support to the Guard and Reserve. A reprograming action accompanies the FY 1982 budget which requests transfer of

$1.2 million from the Operation and Maintenance, Army Reserve appropriation to the Reserve Personnel, Army appropriation to support completion of the conversion programed for FY 1981.

At the termination of the program on 30 June 1980, of the 1,276 positions authorized for conversion, 1,252 were filled.

The FY 1982 budget request reflects an end strength of 1,639 which assumes approval of the reprograming request.

Reserve Drill Participation Rates

Members of the Selected Reserve in training category A are required to attend 48 Inactive Duty Training drills annually for which they receive one day's pay for each four hour drill period. Forty-eight drills is considered the irreducible minimum training time required by all unit members made to develop units capable of performing unit war time missions. Missing more than eight drills without valid reasons such as illness requires adverse administrative action to be taken against the member.

Funds appropriated by the Congress to pay drill attendance are based on participation rates. The FY 1980 estimate for enlisted drill participation was 80 percent while the actual participation rate for FY 1980 was 82.94 percent. The FY 82 request is based on an enlisted drill participation rate of 85.5 percent, which projects forward the FY 1981 expected rate. However, the Army Reserve is optimistic of realizing a significant increase in drill participation during FY 1982 because of trends indicated in recent data, the implementation of the full time support program, increased emphasis on drill attendance by the USAR chain of command and additional pay incentives.

Drill Attendance Reporting

In the continuing effort to improve drill attendance reporting, and reduce some of the administrative workload, the Army Reserve is implementing two initiatives to the Joint Uniform Military Pay System-Reserve Components (JUMPS-RC). The first is the Drill Attendance Reporting Test (DART). Under DART a positive input transaction (as compared to the exception reporting system currently in operation)

generates pay entitlements. DART employs a "credit card" accounting system in which the Reservist turns his card in to his unit at the beginning of a training assembly and a pay form is imprinted. This enhancement will improve the drill attendance reporting.

Another initiative is the Consolidated Army System for Processing Entitlements to Reservists (CASPER). CASPER is a US Army Forces Command initiative to centralize financial data entry into the Army reporting system. This enhancement will reduce unit administrative workload.

Obligated/Unexpended Balances

A reduction of $8.0 million in total obligation authority for RPA was directed by the Congress in FY 1981 on the assumption that increases in obligated/unexpended balances indicate funding requirements were being overstated and therefore, invalid obligations were being incurred. However, in any appropriation, obligations will be made in one fiscal year with subsequent liquidation in the following fiscal year. Until these obligations are liquidated, they will remain in the unexpended category. Balances in this category neither reflect upon appropriation management nor on the validity of these obligations. Consequently, reductions of this nature impair mobilization and deployment capability of USAR units and individuals. Areas which are directly affected are school and special training for unit members and mobilization training for members of the IRR.

An FY 1981 supplemental request has been submitted to partially offset this reduction. Future non-programmatic reductions such as these can only be offset by a reprogramming action or the implementation of adverse management actions.

Training Unit Personnel

Training is the heart of the USAR program. It is a vital ingredient of recruiting, retention and, ultimately, readiness. In addition to basic and advanced individual training for non-prior service recruits, individuals serving in units must receive professional, proficiency and cross-training. Cross-training might be required in order to provide a critical military

occupational specialty (MOS), due to a force structure change, or because the MOS for which the person has been trained is not available in the local Reserve unit. Often an additional recruiting incentive is the opportunity to train in another MOS. This professional proficiency and cross-training for unit personnel is budgeted under school training.

Special training funds support Reserve training programs plus participation in Joint Chief of Staff Intraservice and Interservice Training Exercises. Other training such as biennial Mobilization Exercises (MOBEX), partnership training and deployment training with the Active Component are also budgeted in this account.

Personnel shortages continue in lower enlisted and lower officer grades. In this environment, as these vacancies are filled, the need for training also increases. Training dollars should be consistent with strength increases to insure improvement in the overall readiness of the USAR. The FY 1982 RPA budget requests $24.3 million for school training for unit members and $32.2 million for special training.

Training the Individual Ready Reserve

The strength of the Individual Ready Reserve (IRR) continues to be a matter of great concern. As was previously noted, administrative and management action resulted in increased IRR strength. The IRR strength was approximately 205,300 at the end of FY 1980. Nevertheless, the IRR remains substantially short of the pretrained manpower needed in the first 90 days of mobilization. Training opportunities are necessary for members of the IRR to achieve and maintain proficiency, and to encourage continuing membership. The FY 1982 RPA budget requests $35.2 million to provide training for members of the IRR other than those who are individual mobilization augmentees (IMA). This request is $2.1 million lower than the FY 1981 funding.

The FY 1982 RPA budget reflects the transfer of the individual mobilization augmentee program (presently all in pay category D) into the Selected Reserve. This action, effective 10 October 1981, will make IMA's eligible for recall to active duty under the 100,000 Presidential

call-up authority. The $11.8 million requested provides the funds to train the individual reservists assigned to fill mobilization positions augmenting active organizations upon mobilization.

Initial priorities for assignment of IMA's will be to wartime positions in the Active Component not authorized in peacetime and to base support units which must be expanded quickly to support deployment operations.

The Enlisted Mobilization Management System

The enlisted mobilization management system provides a centralized personnel management system to enlisted members of the IRR including assignments, reenlistment, training, and military education. In FY 1982 the number of IRR enlisted personnel managed by the program is expected to increase by 40,000 over the FY 1981 level to a total of 80,000. It is anticipated that approximately 6,900 enlisted personnel will participate in counterpart training.

Funds are also provided for expansion of IRR aviator training in FY 1982. Trained IRR aviators are required to fill a critical shortage of operational aviators during the early stages of mobilization. To partially alleviate this shortage, training sufficient to maintain basic flight proficiency will be provided for over 400 aviators in FY 1982.

Reserve Officer's Training Corps

The FY 1982 RPA budget provides $58.1 million to support ROTC programs, to include Basic Branch and Chaplains Officer Basic Course Training. The Senior ROTC program is the primary source of officers for the total Army. The program, funded at $40.9 million, should commission about 10,000 officers each year in order that adequate junior officer strength in the Active and Reserve Components be attained and maintained. Projected commissions for FY 1981 are 6,642 and for FY 1982 are 6,900. The Junior ROTC program with 670 units and an enrollment of over 108,000 is funded at $2.9 million.

Health Professions Scholarship Program

The Health Professions Scholarship Program established in September 1972 by Public Law 92-426 is designed to gain officers for the uniformed services health professions and allied health disciplines. Candidates accepted by an accredited institution for professional training are selected by the Office of the Surgeon General for these scholarships. Each individual who participates is required to accept a commission as a Second Lieutenant in the Army Reserve and complete 45 days Active Duty Training each year. Upon graduation the participant must serve at least one year active duty for each year of scholarship aid. In every case the individual participant incurs a minimum active duty obligation of two years. The FY 1982 budget provides an annual stipend of $5,554.50 to be paid an average of 1,733 participants and full pay and allowances for 45 days of active duty for each participant. The total amount requested in FY 1982 is $15.2 million. Projected graduates are 461 in FY 1981 and 451 in FY 1982.

OPERATION AND MAINTENANCE, ARMY RESERVE

The Operation and Maintenance, Army Reserve (OMAR) appropriation provides the resources to support Army Reserve training activities and unit operations. It finances purchase of stock fund supplies and equipment, organization and depot level maintenance, recruiting support and vital management activities, as well as necessary common base operations and communications requirements. Operation and Maintenance, Army Reserve also funds all costs, except military pay, of the three continental US Armies and the Army Readiness and Mobilization Regions which provide operational and training support to both the Army National Guard and the Army Reserve.

The FY 1982 OMAR budget requests $616.9 million, an increase of $93.9 million from FY 1981. The following chart shows further detail on the OMAR request compared to FY 1980 and 1981.

Program Package	($ in millions) FY 1980	FY 1981	FY 1982
Training & Organization of Mission Forces	249	299	373
Depot Maintenance	6	6	8
Base Communications	8	9	10
Base Operations	124	146	154
Recruiting & Advertising	28	34	40
Management Support	24	29	32
Total	440	523	617

The FY 1982 OMAR budget provides resources to support increased recruiting and retention efforts in the continuing objective of achieving greater strength levels, better maintenance of equipment, procurement of equipment for early deploying units, mobilization readiness improvements, and force structure changes.

Recruiting and Retention

The FY 1982 request provides for increases in unit recruiting and retention programs. Three major improvements are included. The first improvement fully implements an AMEDD recruiting force which recruits all medical officer professionals, other than nurses. The second improvement implements initiatives recommended by a recent study to improve retention rates. The third improvement enhances the success the National Committee for Employer Support of the Guard and Reserve has demonstrated by establishing state committees. These committees will be composed of prominent leaders in business, industry, and government. Their purpose, as the name indicates, is to improve recruiting and retention in the Army Reserve by developing employer support for Army Reserve membership.

Equipment Maintenance

The FY 1982 OMAR requests includes two initiatives to improve equipment maintenance. The first increase supports complete depot overhaul of 20 USAR combat vehicles. This program is expected to improve unit readiness by increasing equipment serviceability $1.10 million is provided for this initiative.

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The second initiative is designed to reduce unit equipment maintenance backlogs in all equipment categories to an acceptable 15-day level. This initiative includes an additional 43 civilian positions and $2.0 million of program operation.

Equipment

The FY 1982 OMAR request funds $11.2 million to purchase contingency chemical defense equipment stocks for the USAR early deploying force and training stocks for all USAR troop program units. The request also includes $33 million for other stock fund equipment.

Rapid Reinforcement of NATO (RRN) Equipment

The FY 1982 request provides $1.4 million to purchase stock funded equipment required to raise RRN units from current on-hand levels to required levels. Resources identified exclude items authorized in CONUS.

Mobilization Readiness

Improvements in the mobilization capability of the Army Reserve are constantly sought. The most recent in a series of mobilization exercises, MOBEX 80, tested mobilization procedures, and surfaced issues that are being identified and reviewed to enhance mobilization capabilities.

The Mobilization Personnel System (MOBPERS) was tested in MOBEX 80. MOBPERS is a system that prepositions information at mobilization stations during peacetime. The data are used to determine the personnel status of Army Reserve units scheduled to mobilize at the station. MOBPERS also maintains current requirements for each unit to bring it to wartime strength by individual skill and grade, and identifies unit and IRR skills that will be available at the station upon mobilization. Development of a standard automated personnel system for the Army Reserve (SIDPERS-Army Reserve) and several support information systems are also underway. These systems will serve peacetime needs as well as providing required capacity to handle the massive data surge that will occur upon mobilization.

Other mobilization actions include assigning mobilization planning responsibility to the Army Readiness Regions, and redesignating them as Army Readiness and Mobilization Regions (ARMR). This will permit decentralized mobilization management to nine georgaphically designated headquarters.

Increased manpower for mobilization planning is being accomplished through establishment of long tour positions throughout the Army.

A mobilization and plans office has been established at Office, Chief of Army Reserve, to help integrate the increased mobilization planning and activities at all levels.

The timely and effective mobilization of the Army Reserve demands increased automated information systems and modern automated data processing equipment in the hands of Army Reserve units. One hundred six (106) Army Reserve units are authorized some type of ADP equipment of which only five have computers for their use. In FY 82 it is planned for USAR units to start receiving the Decentralized Automated Service Support System (DAS3) equipment which is the Army's effort to provide modern tactical ADPE support systems to both Active and Reserve forces. US Army Forces Command is also developing a comprehensive management information system concept which will support mobilization planning and execution for Army Reserve units. $2.3 million of the FY 82 OMAR budget request supports ADP improvement.

Programs Initiated to Improve Force Readiness

Significant programs have been initiated by DA and US Army Forces Command to improve force readiness. Under the US Army Forces Command CAPSTONE program every unit in the Army Reserve is being aligned with units in the Active or Reserve Component with which it is likely to be deployed in wartime. The entire chain of command will know where each Army Reserve unit fits in support of Army contingency plans. As a result, planning and training relationships are being developed that focus on wartime missions for all combat and support units. The result of these

associations will be improved mobilization planning and execution, and identification of wartime training requirements.

The Affiliation Program

The Affiliation Program continues as a funded and directed program to improve the readiness of Selected Reserve Component high priority combat and combat support units earmarked to support NATO. Affiliation of Army Reserve to Active Component units permits command and staff interaction between Army Reserve units and Active Component mobile training teams, joint Active and Reserve command and training exercises, and Reserve use of active equipment and facilities for training.

Force Structure

The importance of the Army Reserve as part of the Total Army continues to grow. Wartime structure strength and peacetime objective strength for the Selected Reserve is projected to increase. To support the Total Army structure certain Reserve units will be inactivated, and other types of units are scheduled for activation or conversion.

The FY 1982 budget supports activation of two divisional combat electronic warfare intelligence (CEWI) battalions, five separate CEWI companies in support of corps and brigade operations, and conversion of one aviation unit to a corp level CEWI aviation unit in the Army Reserve.

As part of the Army Chemical Warfare (CW) efforts, the budget supports activation of two nuclear/biological/chemical (NBC) defense companies, one smoke generator battalion headquarters, and two smoke generator companies in FY 1982. FY 1982 troop program guidance further supports this effort by activation of three additional NBC defense companies, two additional smoke generator companies, five decontamination detachments, and 14 other various NBC detachment-sized elements.

This realignment to support wartime missions also opens training opportunities which result in improved readiness. The FY 1982 budget includes $19.0 million to support force structure changes.

Conclusion

The Army Reserve is proud of the accomplishments made in 1980. Major strides have been made in meeting the challenges to readiness of the Army Reserve presented by the all-volunteer era. Strength of the troop program units has continued to grow as the result of effective recruiting and retention programs. The monetary incentives have contributed to this growth as well as the dedicated officer and noncommissioned officer leadership throughout the entire Army Reserve chain of command to improve training and readiness. Improvements also are underway in the management of the Individual Ready Reserve. The FY 1982 budget request of $1.6 billion builds upon these accomplishments by further improving the ability of the Army Reserve to organize, man, equip, train and mobilize in support of the Army's strategy of deterrence and to perform wartime missions.

We are confident that the programs requested in our FY 1982 budget will enable the Army Reserve to continue the momentum we have gained in the past few years. The units and individuals of the Total Army in the Army Reserve structure will continue to make progress toward readiness goals given sufficient resources for personnel, equipment, training opportunities, and facilities.

Mr. Chairman, this concludes my Statement. I am prepared to answer your questions.

BIOGRAPHICAL SKETCH

Major General William R. Berkman is currently serving as the Chief, Army Reserve in a four-year statutory tour of active duty which commenced on 1 June 1979.

General Berkman was commissioned a 2d LT in the USAR from ROTC at the University of California, Berkeley in June 1950. He served on active duty from 1952 to 1954. After completion of Quartermaster School Basic Course at Fort Lee, Virginia in August 1952, General Berkman was assigned as Quartermaster Supply Officer for the 369th Engineer Amphibious Support Regiment, Fort Worden, Washington. From July 1953 to January 1954 he served in Korea as an advisor to the Republic of Korea Army with the Korean Military Advisory Group.

After completing his extended active duty in February 1954, General Berkman's Army Reserve assignments have included service in various positions in the 445th Civil Affairs Company from 1955 to 1965; and in

the 351st Civil Affairs Command from 1965 to 1974. He was Deputy Commander of the 351st Civil Affairs Command, Mountain View, California from August 1974 to May 1975 and served as its Commander from June 1975 until his present assignment. The 351st Civil Affairs Command is a major Army Reserve Command which includes all Army Reserve civil affairs, psychological operations, special forces, and civil preparedness support units in the Sixth US Army area.

As a civilian, General Berkman attended the University of California, Berkeley, majoring in economics and received an AB degree in 1950. He also attended the University of California School of Law (Boalt Hall) and received his JD law degree from that institution in 1957. Following law school, he served as law clerk to Judge James Alger Fee of the US Court of Appeals for the Ninth Circuit, for one year before becoming associated in 1958 with the San Francisco law firm of Morrison & Foerster. He became a member of that firm in 1967. He is a graduate of the Army War College (non-resident course) and the US Army Command and General Staff College.

The General and his wife, Betty Ann, formerly resided in Sausalito, California. He is a member of the State Bar of California, the Federal Bar Association, the American Bar Association, and the District of Columbia Bar Association. He is a member of the Reserve Officers Association of the United States, the Senior Army Reserve Commanders Association, and the Association of the United States Army. His decorations include the Meritorious Service Medal and the Army Commendation Medal.

ANG AND AR PERSONNEL INCREASES

Mr. CLARK. I am pleased to be here. In order to get on with the questioning, what I thought I might do, is to touch on what I think are some of the very key highlights and differences that would be of interest to you.

Now the first one I would like to touch on is that we are requesting an increase in the active Army. We are going up about 11,000 to 786,300 in the fiscal year 1982 budget. For the Reserve Components, we are requesting increases in the average strength of 21,500 for the Army National Guard and 25,800 for the Army Reserve. These are significant increases for those two components.

CIVILIAN END STRENGTH INCREASES

We are also requesting civilian end strength increases of 10,000 in the fiscal year 1981 column of the fiscal year 1982 budget and 21,800 for fiscal year 1982.

In the area of recruiting, as you well know, in 1979 we had a very difficult year. In fiscal year 1980 we met our quantitative recruiting objectives but we were short, particularly in the recruiting objective of high school graduates, about 13,000.

In fiscal year 1981 we are doing considerably better and I am sure we will want to get into that in some greater detail. Fiscal year 1981 and 1982 will still be challenging for us because we want to recruit more high scoring high school graduates. To that end, the enlistment bonus program has been expanded by about $32 million in fiscal year 1982 over fiscal year 1981. We also plan to increase the advertising program by $14.9 million in fiscal year 1982 over fiscal year 1981, and there will be a corresponding increase in the total recruiting budget in fiscal year 1982.

RESERVE COMPONENT ENLISTMENTS

Within the Reserve Components we intend to continue with the successful programs that we now have. In fiscal year 1982 enlistment incentives for the National Guard are increased by $5.4 million and the Army Reserve by $2 million, to assist in enlisting as many high school graduates as we can.

We also propose to pay a $1,800 bonus to individuals enlisting for a 6-year term in high priority units or in critical skills in the Guard and Reserve. We also plan to increase the number of full-time recruiters in the Guard and Reserve by 183 and 127 respectively.

INDIVIDUAL READY RESERVE

We project increases in the Individual Ready Reserve (IRR) by about 50,000 by end fiscal year 1982.

Retention of course is a very important goal and will contribute to our sustaining the force. Toward that end we are requesting an increase of $15.9 million in the revised fiscal year 1982 budget over the January 1981 submission for the active Army Selective Reenlistment Bonus (SRB) to be applied to combat arms.

RETENTION OF SENIOR PERSONNEL

We also intend to accelerate promotions in selected critical skills, and we propose to pay up to $150 for combat arms enlisted leaders to preclude excessive migration and/or separation of the senior, more experienced, NCO grades, and payment of up to $150 per month for such critical skills as intelligence, precision maintenance, communications, and automatic data processing.

The retention in the Reserve components is reaching an all-time high and we will continue to emphasize for those components the reenlistment bonus which is the principle tool we have to encourage reenlistments in the Reserve components.

We also plan to increase the number of full-time reenlistment NCO's in the National Guard and Army Reserve by 179 and 43 respectively.

QUALITY OF LIFE

With regard to quality of life, our fiscal year 1982 budget contains a range of programs which are focused on improving and maintaining support to the Army's people. For example in fiscal year 1982 we have a $277 million increase in maintenance and repair of real property to sustain the soldiers' living and duty environment and $36.9 million for construction of 254 family housing units at Fort Irwin and 232 units at Fort Drum and 1,794 additional lease authorizations for European housing and $143.5 million for construction of barracks and modernization of existing barracks.

CIVILIAN COMPONENT

I would like to comment on the civil component. I mentioned earlier that we are requesting some increases in the civilian component in the fiscal year 1981 supplemental and fiscal year 1982 amended budget request. These will permit us to return many soldiers to train with their units who have had to perform work that can be done by civilians.

Notwithstanding that, we still have difficulties in managing the civilian work force, for other reasons such as limitations on civilian hire, reduction in high grade civilians, and civilian pay caps. These reduce our flexibility in managing our civilian manpower. We ask your consideration for giving us more flexibility in that area.

Rather briefly, that covers the significant changes in the fiscal year 1982 program.

Senator STEVENS. Thank you very much.

General Yerks.

CIVILIAN MANPOWER

General YERKS. I have no opening statement but I have submitted a statement.

Senator STEVENS. Thank you very much. I did go over that. What is this flexibility that you desire?

Mr. CLARK. For the civilians, you mean?

Senator STEVENS. Yes.

Mr. CLARK. Overall, we would rather be managed by fiscal controls than by individual strength limitations. That would provide greater flexibility.

Senator STEVENS. You would like to get out from under the pay caps by just having dollars?

Mr. CLARK. I am not talking about the pay cap. I am talking about the fact that we have two separate types of control, fiscal and end strength, on the numbers of civilians we employ. In addition, we have controls over the number of high-grade civilian employees.

We feel very strongly that we should be governed only by dollar controls and allowed to exercise flexibility within those dollar limitations on the numbers and types of civilians that are employed. I believe that we are supported by the Office of the Secretary of Defense who is requesting such flexibility.

Senator STEVENS. When were those controls put on?

Mr. CLARK. I don't know. They have been on for a number of years.

General YERKS. Fiscal year 1975 was the first time that Congress imposed a civilian authorization.

If we had only the dollar constraint, we could improve the mix of part-time and full-time positions and adjust our grade structure in accordance with our needs. Controls would remain, but they would be dollar controls which would give us greater flexibility to manage.

RECRUITING HIGH SCHOOL GRADUATES

Senator STEVENS. With regard to this high school recruitment, we have some specific new approaches to recruiting the high level high school graduates?

Mr. CLARK. Yes.

Senator STEVENS. What are those?

Mr. CLARK. We can have not more than 35 percent non-high school graduate males. That is the limitation.

Senator STEVENS. Haven't you devised some new measures to try to attract the higher group of high school graduates?

Mr. CLARK. We also have limitations on the number of category IV male and females that we can have. It is, I believe, 25 percent for the Defense Department as a whole this year, fiscal year 1981, and 25 percent by service next year and 20 percent by service the following year.

Senator STEVENS. So those two interact?

Mr. CLARK. Yes, our advertising program and our educational assistance test programs that we are conducting at this time are all focused on trying to attract the higher scoring high school graduates.

Senator STEVENS. How are you going to do that? That is my question.

Mr. CLARK. First of all, all of our enlistment bonuses are focused on test categories I to III, high school diploma graduates. As you may or may not know, we have a number of educational assistance

programs and tests of the Veteran's Educational Assistance program which are only available to test categories I to III-A, high school diploma graduates.

Third, our testing program is geared to emphasize those particular programs so that we can get maximum exploitation.

QUALITY VERSUS QUANTITY IN RECRUITMENT

Senator STEVENS. Do you think it is right now? What do you think is important, quality or quantity as far as your recruitment?

Mr. CLARK. I guess I would have to start by saying that I think we have, by and large, pretty good people that we are bringing into the Service. I am ducking the word "quality" for just a moment because part of the problem when we talk about quality or no quality, reflects rather substantially on the men and women we have out there now.

Senator STEVENS. I am talking about scholastic attainment at the time of acquisition.

Mr. CLARK. Right at this point I would personally like to keep our strength and try to improve, as we are doing right now, in accessing the higher numbers of high school diploma graduates and test categories I to III that we are recruiting.

I would like to emphasize that we are doing better this year.

Senator STEVENS. Isn't that trying to do away with category IV limitations; isn't that counter productive?

Mr. CLARK. We don't think it is necessary. We intend to do precisely what it is the Congress directed us to do and we want to do even better. That is our commitment.

General YERKS. May I add something there? It is our position that if we get down to the point where it is between quality and quantity, we clearly would go for the quality. I think we have reached that stage. I think however I will add that I am also confident we are going to make our quality goals this year.

Sometimes it is confusing in the quality area when people talk about quality of a soldier today. The soldier that is in the service today has gone through the screens of the training program and discharge programs and so forth. We sincerely feel he is a quality soldier. But what that hides and masks is the attrition and that comes from accepting excessive, whatever that means, excessive non high school diploma graduates.

We have an attrition rate which is firm now that shows that we are running, for instance, in our male high school diploma graduates about 23 percent attrition rate over a 3-year period of time. When we go to the non-high school graduate that jumps to 44 percent. It just doubles the attrition when a non-high school graduate is recruited in comparison to a high school diploma graduate.

In the females, women soldiers, we find that the high school graduate female attrites at about 43 percent and the non-high school at about 60 percent. So when we are talking quality, we are really also talking attrition and that is why we just have to go to the high school graduate in greater numbers than we have in the past because it makes sense in the cost accountability if nothing else, to bring in a good high percentage—in the 70 to 75 percent range—of high school graduates.

INDIVIDUAL REPLACEMENT SHORTFALL

Senator RUDMAN. I think you both probably addressed the issue of on the Reserve components. They are obviously designed to make up a major part of the fully mobilized combat support forces. I am looking at some projections, your own projections over the last year.

Under those projections if you initiated full mobilization, and proceeded up to 90 days after the start of a conflict in your operation, you would have a shortfall of about 250,000 people. The first post-mobilization trained people would hit the area in about four months; I think the figure you used is 115 days.

Then there would still be insufficient inductees to sustain your 16 Active and 8 Reserve forces, if I understand the figures correctly, until after mobilization and another 250 days which is referred to in your reports as M+220.

If that is so, are you satisfied that your recommendations this year really address what I consider to be a deplorable situation? And second, under the proposals as you have made them, could you in fact sustain combat operations in a NATO conflict or even a Persian Gulf conflagration where conventional forces had to be used?

Mr. CLARK. Not at the level we would want to because your facts are essentially correct. We would have a shortfall of individual replacements by about 250,000 now.

Senator RUDMAN. Assuming normal combat losses?

Mr. CLARK. Yes. I should point out that that is not the only pacing element. It is not just people pacing, it is equipment and ammunition and other supplies too, but let us set that part of it aside.

SELECTED RESERVE STRENGTHS

One of the things we are trying to do is to reduce that shortfall by increasing the Selected Reserve strength. That is the strength in the units of the Guard and Reserve. To the extent that they are short in their units, that adds to the overall shortfall.

Second, we have a program of reenlistment bonuses for the Individual Ready Reserves to retain people in this category.

Third, we are assigning to this pool some of the people who are discharged from the active Army before they meet the end of their service. We are transferring them into the Individual Ready Reserve if indeed they are mobilization assets.

I should add one more thing. We are going to use a large number of retirees which makes a lot of sense. Up to over 100,000 of them.

This shortfall declines rather significantly over the next few years, but in all candor it still remains a significant shortfall at the end of the period. I am not satisfied with the progress.

DEFENSE EXPENDITURES FOR FISCAL 1982

Senator RUDMAN. What we are really facing is enormous defense expenditures this year, most of which I support. We are going for some terribly expensive high technology weapons systems in some of the major services, though less so in the Army.

Yet strategic planners recognize that conventional forces and ground forces are going to be absolutely essential for certain kinds

of conflicts, particularly NATO or Persian Gulf conflagrations at whatever level they might be structured.

What we are saying, however, is we will pass the budget this year and address these proposals knowing full well that we will face gross inadequacies if in fact those situations develop. So we are doing that with our eyes wide open. That is what we are facing.

Mr. CLARK. In all fairness, I think I need to point out one other thing. Those figures and that shortfall are based on a hypothetical scenario and you probably know the warning times and other assumptions.

Senator RUDMAN. Yes, I do.

Mr. CLARK. In my personal view there is a strong probability that we would be able to take some steps before that which certainly would alleviate it. Having said that, I don't want to try to minimize the risk. As in some other issues, like the 24-division force represents a risk, and like the shortfall in some of the supplies, equipment, and ammunition represents a risk.

We are trying to address those as rapidly as we can, particularly those which have a major impact on readiness. That is probably as good as I can do.

Senator RUDMAN. Mr. Secretary, I just want to say to you that I recognize the constraints within which you and General Yerks operate.

It seems to me that there are two aspects you are addressing. One of course is manpower, and the second, which I think you diagnose very accurately, has to do with equipment, ammunition, spare parts and so forth. With the kind of money we are talking about, it seems to me that the Army ought to make sure that this committee knows precisely what this situation is, certainly in terms of shortfall of equipment and ammunition and things of that sort.

EXPENDITURES ON HIGH TECHNOLOGY EQUIPMENT

In looking at the Defense budget strategically, it makes precious little sense to spend billions of dollars for high technology equipment and then find that the Army has insufficient basic equipment and ammunition to equip even the force you are now projecting.

I for one am damn concerned that we are going to spend a huge amount of money on high technology weapons and wind up without the pistols in the holsters.

Mr. CLARK. Let me add, you will find as you get in the details, particularly on the operations and maintenance (O. & M.) side and procurement side, that a very substantial amount of the supplemental funds for both the 1981 and 1982 fiscal years are devoted toward just those issues and that is near-term readiness.

Senator RUDMAN. That is good to know. I will be looking forward to seeing that.

READING LEVEL OF RECRUITS

Senator KASTEN. Do you test your recruits? We are talking about high school graduates. What is the reading level for example?

Mr. CLARK. I do not know that.

Senator KASTEN. Of people arriving at boot camp?

Mr. CLARK. I do not know what that is. Perhaps General Yerks can give that.

General YERKS. In the recent past our reading levels have been determined by the "able" test and we have a new testing system which is under development now which we hope to put into effect this coming year.

There is a cell in the new test that is going to reflect reading levels. In the recent past we have been bringing in about 6 percent of our enlistees that read below the fifth grade level. In fiscal year 1980 that went down to about a 3.7 percent rate.

Senator KASTEN. What is the average reading level of the people arriving at boot camp? Is it below seventh grade?

General YERKS. It is in that vicinity.

Senator KASTEN. Is it between sixth grade and seventh grade?

General YERKS. I will provide that for the record. I can add some dimensions to it by stating that we have a basic skills education program in the training cycle with the objective of raising the reading level of all of our enlistees to a ninth grade level.

[The information follows:]

READING LEVEL OF NEW RECRUITS

Each enlistee in Advanced Individual Training or One Station Unit Training is administered a diagnostic test that can link academic achievement to reading grade equivalent. Results of this testing during fiscal years 1979 and 1980 indicate that of more than 380,000 individuals tested, 4.6 percent, or about 17,500, scored at or below the fifth grade reading level. The average enlistee grade level of approximately 8.5 remained constant in fiscal year 1979 and fiscal year 1980.

SUB FIFTH GRADE READING LEVEL

Senator KASTEN. I am not concerned about that. I know you are making some efforts in trying to teach them. I am just trying to get a sense of whether you are gaining. I think that there is a real problem with the kind of people that you are starting out with.

Now you are starting out with people whose average reading level is below seventh grade, and an important meaningful percentage of something over 10 percent or less than 6 percent is below fifth grade, is that right?

General YERKS. Yes.

Senator KASTEN. How many individuals is that, and how many hundred or thousand individuals is it that come into the Army each year that are reading at the fifth grade level or less? What is 6 percent in terms of people.

General YERKS. You are talking about 8,000 enlistees, sir. Now of course this varies each year because our enlistment programs vary. We are bringing in, and it varies, between 120,000 and 150,000 enlistees.

Senator KASTEN. Wouldn't it make more sense to add into the program something like reading levels and other things, rather than divide up your categories based on high school graduates and non-high school graduates? Some of these people are high school graduates which shouldn't have graduated.

I know that is not your fault but you are in the process of trying to teach these people to be career military, I believe, and it would seem to me you have to have certain basic skills to walk in the door. They don't have these skills.

APTITUDE AREA SCORES

General YERKS. I could not agree with you more, and if I could just mention something, we enlist on aptitude area scores and our entry test has a series of conglomerates of 10 different tests and different groupments of those 10 different tests give us an aptitude for a particular specialty. That is the grade equivalent that we use to allow an individual to get into electronics or into whatever his specialty is that he chooses.

The reading level we have not used in the past as a sifter or eliminator or what have you. We have used aptitude areas. Our approach has been that if the enlistees show the aptitude for a particular specialty, we would put the investment in that young soldier to get him up to a reasonable level of reading with our basic skills education program.

PRE-EDUCATION SYSTEM IN PUERTO RICO

We are looking at something else now. In Puerto Rico they have devised in the National Guard program down there a pre-education system. Before the man actually goes through the training cycle, before he really is on active duty he has gone through the education program. We have a program that is under development now similar to that. We are working with the Department of Labor so that the enlistee can come in in conjunction with a job application.

If an individual wants to come in and is below a certain reading level, the Department of Labor and the Defense Department in a cooperative effort will have him undergo a skills education program and then he comes back in 6 months or 9 months and joins the Armed Services.

Senator KASTEN. It would seem to me that somehow you have to raise your threshold whether they graduate from high school or not with the kind of individuals as these. Weapons are getting more complex and the whole process is getting more complicated. It seems to me that the basic skills levels of people you are taking in, whether they are high school graduates or not, are going down.

Mr. CLARK. We did raise our skill levels starting October 1, 1980.

AWOL AND DESERTION RATES

Senator KASTEN. But if the average reading level is below 7th grade, my understanding is it is closer to 6th grade, and you are going to provide that information. You have 8,000 people that can't read at the 5th grade level and I think you have a major problem.

You have met your recruiting goals but I am concerned about the AWOL and desertion rates. I am told the AWOL rate per thousand is 41.6, is that correct?

General YERKS. Yes, sir.

Senator KASTEN. And the desertion rate is 19.6, is that correct?

General YERKS. Per thousand, yes.

Senator KASTEN. Is that going up or down?

General YERKS. Since 1974 the trend has been down. However, in fiscal year 1980, in the past year, we have seen a slight increase in both the desertion and the AWOL rate. But it is well below what it was in the 1974 time frame, back in the draft period.

Senator KASTEN. My time is up but how does that compare with AWOL and desertion rate in, let us say, World War II?

General YERKS. Sir, it is much below the rates in the draft Army and I can provide a complete listing of those for you, sir.

Senator KASTEN. Thank you, Mr. Chairman.

[The information follows:]

AWOL/Desertion Rate Comparison

General Yerks: Prior to fiscal year 1977 the Army counted all AWOL offenses which progressed to desertion as both an incident of AWOL and an incident of desertion. In fiscal year 1977 DOD implemented a uniform reporting procedure which eliminated such double counting. The following Army AWOL rates prior to fiscal year 1977 have been adjusted eliminating the historical double counting, to the extent possible. The adjustment is made to facilitate comparison between the present and historical rates per thousand.

*ARMY AWOL AND DESERTION
RATES PER 1000 AVERAGE ENLISTED STRENGTH

ERA	PERIOD	AWOL	DESERTION
WWII	CY 44	**	63.0
	CY 45	**	45.2
KOREA	CY 51	**	14.3
	FY 52	161.0	20.0
	FY 53	135.7	22.3
	FY 54	99.6	15.7
POST KOREA	FY 55	65.4	10.2
	FY 56	52.3	9.7
	FY 57	48.2	9.2
	FY 58	43.2	8.2
	FY 59	37.0	7.6
	FY 60	36.1	8.8
	FY 61	40.8	10.4
	FY 62	44.1	11.5
	FY 63	41.4	14.2
	FY 64	40.2	13.5
VIETNAM	FY 65	44.4	15.7
	FY 66	42.5	14.7
	FY 67	56.6	21.4
	FY 68	60.6	29.1
	FY 69	69.9	42.4
	FY 70	80.2	52.3
	FY 71	103.4	73.5
	FY 72	104.4	62.0
	FY 73	107.1	52.1
POST VIETNAM	FY 74***	88.8	41.1
	FY 75***	66.3	26.0
	FY 76***	45.6	15.4
	FY 77	47.0	16.7
	FY 78	40.4	15.4
	FY 79	38.0	18.1
	FY 80	41.6	19.6

*AWOL Rates prior to Fiscal Year 1977 are adjusted to eliminate double counting.
**Data not available
***Includes officer data.

PAY COMPRESSION

Senator D'AMATO. Let me ask you some questions in terms of some of the problems with pay compression. What recommendations or plans do you have to submit to Congress, if any, and do you find that a problem? We have been told that in terms of some of your career officers that has now become a very real problem?

Mr. CLARK. Let us set aside the pay compression caused by the pay cap which, of course, is a separate issue.

Senator D'AMATO. What about that issue?

Mr. CLARK. I think that is a very serious issue.

Senator D'AMATO. Do you have any plans, Mr. Secretary, to ask for some congressional action?

Mr. CLARK. No, we do not at this time.

Senator D'AMATO. Don't you think it necessary?

Mr. CLARK. We do think that the pay cap has caused a very serious problem on the civilian as well as the military side. Notwithstanding that, I am sympathetic with the fact that we are all being asked to make sacrifices and particularly in the adjustments to the total President's program.

Personally, I think it would be inappropriate to try to address that problem at this moment. That is a personal view. With regard to pay compression, there is some pay compression at some of the middle enlisted grades on which we do not have a specific Departmental proposal, but we are starting work with the other Services and with OSD because it is not just a single Service issue.

We need to make some recommendations on that possibly at the time of the next pay adjustment. That is in October.

IMPORTANCE OF RESERVE COMPONENTS

Senator D'AMATO. How important do you consider the Army National Guard?

Mr. CLARK. The Army National Guard and Army Reserve are extraordinarily important participants. As you perhaps know, they provide one-third of our combat divisions and they provide most of the maneuver battalions.

The Army Reserve provides the vast bulk of our combat service support.

Senator D'AMATO. How would you rate the state of the Army Reserve and Guard in New York State?

Mr. CLARK. I would want to defer to my two representatives from the Guard and Reserve who are right here, General Berkman and General Walker. It varies of course.

ARMY RESERVE

TROOP PROGRAM UNITS

General BERKMAN. I am Major General Berkman, Chief of the Army Reserve, and I would just like to supplement the comment of Secretary Clark with respect to the importance of the Reserve components.

In the case of the Army Reserve, the troop program units of the Army Reserve provide 33 percent of the tactical support increment structure that the Army requires. That is the combat support and

combat service support forces necessary for the total Army, and 25 percent of the general support increment that is the training base and the transportation base that is required.

Senator D'AMATO. General, if I might interrupt, my 15 minutes would be up by the time you get through. It is important, I say?

General BERKMAN. Yes.

Senator D'AMATO. And you figure about one-third in terms of your total strength?

General BERKMAN. Yes.

Senator D'AMATO. Well then, what is the status of the Reserve and the Guard in New York State? How would you rate that? What is the strength of the New York units compared to the other States?

ARMY NATIONAL GUARD

NEW YORK GUARD

General WALKER. Let me answer for the Guard, please, sir. I am Mickey Walker, Director of the Army Guard.

Senator D'AMATO. I was waiting for you.

General WALKER. I am sorry, I was late, sir. In New York you have one of the eight Guard divisions. That is the 42nd Division. The main problem in New York is strength at this time. They are making improvements in strength, and we are encouraged that they are coming up.

You have some of the top units as far as Guard priorities are concerned. How do I rate it? I rate these units as good, but most have serious problems in strength and equipment.

Senator D'AMATO. Again, how do you rate it in terms of strength compared to other States? I understand the rating is far below the other States.

General WALKER. Strength-wise, it is below other States.

Senator D'AMATO. What do we mean by strength?

General WALKER. The State of New York has about 70 percent of its authorized strength.

Senator D'AMATO. How does that compare?

General WALKER. It is about 6,000 short. That compares to an overall average strength of about 89 percent in the entire Army Guard.

Senator D'AMATO. It is rather low?

General WALKER. Yes.

RECRUITMENT AND RETENTION IN NEW YORK GUARD

Senator D'AMATO. What are we doing in terms of recruitment and retention and what plans, if any, do we have in order to bring that up to strength?

General WALKER. We have the incentive program that you have heard discussed. The main problem is that this program is not across the entire structure. Your division does not get the incentive programs that it needs and that is one thing holding back significant strength increases.

Senator D'AMATO. Would you say that again?

General WALKER. The 42d Division does not receive the benefits of the total incentive program.

Senator D'AMATO. Why is that?

General WALKER. Because of its priority.

Senator D'AMATO. Because of whose priority?

General WALKER. Because of the Division's priority in the deployment schedule.

Senator D'AMATO. How do you rate that? Do you think that they should receive that incentive so that they can come up to strength?

General WALKER. The most highly visible units we have in the Army National Guard are the Divisions, and that is where we need the help both in strength and in equipment.

Senator D'AMATO. Does it need the help?

General WALKER. Yes, sir, it needs help.

Senator D'AMATO. Can we get a recommendation? What do you plan to bring that up to? If we say we need the help and it hasn't been prioritized, what do you intend to do?

General WALKER. We intend to do just as we have done as late as yesterday.

Senator D'AMATO. As late as yesterday?

General WALKER. We will try to get the priority of all of our divisions raised in order to get the resources we need.

Senator D'AMATO. Well the situation in New York State is not one we can be very proud of. It is one that leaves a lot to be desired.

General WALKER. At the current strength levels, you stated it accurately, yes.

PRIORITIZATION OF RESERVE COMPONENTS

Senator D'AMATO. To come back to you, Mr. Secretary, can we see that something is done and can we see if this deserves to be prioritized?

Without getting into a list in terms of the equipment, it is abominable. Don't we use the same equipment that are called for. They are supposed to have some comparability. Are we satisfied with the equipment that they have?

Mr. CLARK. No, we are not satisfied with the equipment levels and we are not satisfied with the strength. I would have to point out one thing. It was said they are not prioritized. They are prioritized and therein lies part of the problem. Where they are prioritized is relatively low because of their deployment dates. Let me finish, sir. We resource first those units that deploy earliest and that are most critical to the greatest extent.

We provide those units priority in terms of the enlistment and reenlistment bonuses although I do believe that the enlistment bonuses will be available to the Division this year, will they not?

General YERKS. The Division is getting enlistment and reenlistment bonuses for critical skills.

Senator D'AMATO. I am just suggesting to you that that has been put on the back burner and that Division has been one that has gotten less attention than it should have.

I think if we were to examine the whole level and the whole spectrum in terms of manpower and terms of retention or in terms

of equipment right up and down the line, you would have to come to that conclusion.

I suggest to you, I would like to see something done in that area if, as General Walker says, something should be done. I would like your attention to that.

Mr. CLARK. You can rest assured that it will have our attention but, to be very candid, and as you well know, we do not have the resources to apply to all of the problems we have and it is a matter of prioritizing.

Senator D'AMATO. To be very candid, when we talk about prioritization, why is it that this has been neglected in this particular area and in the Guard and in the units? You are never going to be able to get them up to snuff and never going to be able to have it so that you can count on it if there is continued neglect.

Mr. CLARK. General Walker alluded to one particular element when he mentioned the discussion yesterday. That discussion had to do with the visibility of the eight National Guard divisions and the fact that while they may be a little late in the deployment scheme, they are of such visibility that as a deterrent they are extremely important.

We are taking a look at whether for that reason, they should represent a higher priority for resources. That decision has not been made but that view is generally shared by most of the leadership of the Army.

Senator D'AMATO. My time is up and if it is important, and you say it represents at least on paper 35 percent of our capacity then we are talking about a paper tiger. We are talking about something that doesn't exist in certain cases and I suggest in New York that might be more accurately described. You might take umbrage at my statement of a paper tiger.

Mr. CLARK. I have visited many of the units in New York.

Senator STEVENS. Senator Schmitt.

SERVICE OBLIGATION FOR RESERVE COMPONENTS

Senator SCHMITT. Thank you, Mr. Chairman. What is the rate at which officers and noncommissioned officers on leaving the regular Army go into the Guard or Reserve forces?

Mr. CLARK. I don't believe I have a rate at which they go into those forces. Those that still have an obligation remaining, for example, the enlisted personnel who come in for 3 years, and still have a 3-year obligation, are required to remain in the Reserves. That is generally in the IRR portion of the Reserve.

We have a very active program right now in which we are contacting people well before their departure from active service. It is a command responsibility that must take place well before their departure, to identify and try to encourage them to continue in the Guard and Reserve, to identify the units in the location that they may expect to go to, and even to possibly effect a marrying up of the individual with the unit before he departs from active duty.

Senator SCHMITT. Would you provide for the record some information on how successful that has been compared to past events?

[The information follows:]

PROGRAM TO JOIN GUARD AND RESERVE

Mr. CLARK. Since 1 January 1981, Active Army units have been required to inform soldiers within 60 days of separation about service opportunities in the Army National Guard (ARNG) and Army Reserve (USAR) including the Individual Ready Reserve (IRR). Prior to 1981, full-time Guard and Reserve in-service recruiters were responsible for gaining a commitment to join a Guard or Reserve unit during out-processing at separation points.

To assist Active Army commanders' performing "continuity of service" counseling, the in-service recruiter (ISR) program has been expanded. At present there are 23 ARNG and 30 USAR in-service recruiters located in 27 installations in the United States. In 1978 and 1979, 5 ARNG and 3 USAR positions were established in Europe. From November 1980 until February of this year 17 additional USAR in-service recruiters were placed in Europe and 2 in Korea. An ARNG in-service recruiter position has also been established in Korea.

All new active Army reenlistment NCO's receive instruction on ARNG and USAR organization, function, and training during their reenlistment training course. In-service recruiters often contribute to active Army reenlistments by referring undecided soldiers back to their units for reenlistment.

Beginning 13 April 1981, a 14 member ARNG team will be educating Active Army reenlistment NCO's in Europe on National Guard enlisted benefits for personnel who are not reenlisting in the active Army. The education-awareness team will be operational for 30 days in Europe.

A project is underway to automate USAR unit vacancies so that specific unit vacancy information can be provided to potential USAR accessions who are completing their active duty service.

Since the pre-separation counseling mission in Active Army units is new, no exact figures are currently available. However, the in-service recruiter program alone has accounted for thousands of accessions into the Guard and Reserve since is establishment in 1972. These prior service members are highly cost effective because they are fully trained and provide experience and stability to the Guard and Reserve. The Army's goal is to secure a Guard or Reserve commitment from approximately 3 out of 10 eligible separating soldiers.

CIVIL DEFENSE RESPONSIBILITIES FOR THE GUARD

Senator SCHMITT. The Senator from New York expressed some of my same concerns about the New Mexico Guard unit. Do you find that internal State politics is a serious problem in the Guard?

Mr. CLARK. Sir, it is not a problem and it helps a great deal. It is not a hinderance if that is what you are suggesting.

Senator SCHMITT. Would you explain that?

Mr. CLARK. I think the recognition of the role of the Guard, its great responsibilities, and the support they generally get from the State legislatures is an enormous strength of the National Guard.

Their ties to the community and their availability in times of disasters and the benefit that we derive without having to make up that investment is just enormous. I think the political, State, and community involvement on the part of the National Guard is absolutely an essential ingredient to the success that they enjoy.

Senator SCHMITT. Do you think that the National Guard should take on additional mission responsibilities with respect to planning and training and other activities other than actual implementation related to civil defense?

Mr. CLARK. My personal opinion is I do not.

Senator SCHMITT. Why?

Mr. CLARK. I do not believe that they could take on additional responsiblities without neglecting the major requirement they have now to train and prepare for deployment under the Federal mission.

I think if they were to be available for civil defense without additional resources and full-time people and even additional plan-

ning and training, it would be hard. I am very reluctant to require of them additional levels of training and expense in the very short period of time that they have. We have enough difficulty in the few training days we have.

ACTIVITY OF GUARD UNIT REMAINING ON STATE DUTY

Senator SCHMITT. If there was a mobilization and say that movement of a particular State Guard unit out of a State into active service, what would remain in terms of civil defense capability in so far as the Guard is concerned?

Mr. CLARK. It would vary by State. Largely the personnel of State headquarters would remain and as far as some States are concerned, they have a non-Federal organization that perhaps General Walker can expand on. But basically we intend to use every single one of those National Guard units against a Federal mobilization mission. It will vary by State.

Senator SCHMITT. Well the civil defense function would disappear upon mobilization?

Mr. CLARK. Yes, sir.

Senator SCHMITT. And there is no paper identification of personnel that could move into those functions, older men, so-called, no longer fit for active duty?

Mr. CLARK. That is not something that we have undertaken with a sense of Federal responsibility.

BACKUP PROGRAM FOR ACTIVATED GUARD UNITS

Senator SCHMITT. Has there been any discussion with FEMA, for example, to see what backup system might be created?

Mr. CLARK. None that I have participated in. I have heard informal discussions but that is about all. I recognize the problem and I recognize the need. But we are pretty well occupied in terms of our dollars and time in meeting our Federal commitment.

That is why I am personally reluctant to take too much responsibility in this area.

Senator SCHMITT. You don't think that the National Guard and maybe straight Guard could act as a template upon which back-up Guard system could be created, cooperating with veteran's organizations and others that would have access to knowledge of the special skills of individuals who are not longer fit for active duty?

Mr. CLARK. There might be that potential and I would certainly be more than willing to take a look at it. Once again, given the limited amount of people we have and the time we have to train, my first concern would be the extent to which it would detract from the Federal mission.

Maybe General Walker would like to comment on this because in some States they do indeed have organizations to meet this particular requirement.

General WALKER. Sir, most State constitutions have in them, and I am not sure about New Mexico, but most State constitutions do have in them a provision for what many call the State Guard or the State Militia.

That is the responsibility of this organization once the Guard is activated for Federal service. Most States had these during World

War II. You bring up the point of aged people and young people. In actuality, that is what this was made up of. Most States have an organization for that and some now have it in existence. These organizations go without any pay and service is a voluntary thing.

Senator SCHMITT. New Mexico has a State Guard but I am thinking of a broader capability besides that, of where, if you are mobilized, you might expect there to be additional civil defense needs internally.

Obviously with a Guard moved out a great deal of capability will disappear. Maybe we can talk about this more at some other time. Thank you.

Senator STEVENS. How do you dovetail with the civil defense planning?

Mr. CLARK. To the best of my knowledge that is strictly a local function, a local activity. I have had no responsibilities or activities with that respect.

EMERGENCY PLANNING INTERFACE

Senator STEVENS. I know when we had our earthquake if it hadn't been for the Army units, Anchorage would have been in real trouble. I would think that there would be some contingency planned for not only emergencies of that type but for actual civil defense in the event of attack.

How do you interface with the emergency planners as far as civil defense is concerned?

Mr. CLARK. As far as civil defense, once again, I have had no interface with them and I am not sure whether General Yerks has but as far as other emergency planning, yes, indeed. Of course we do have some general rules on the utilization of military people and equipment and authorities are granted to help react to whatever may happen, such as Mount St. Helens or whatever it may be.

In terms of civil defense, I have had no interaction with those people.

General YERKS. All of our tactical units have contingency plans to assist when called upon in civil disasters and civil disturbances. All of our units, primarily tactical units, have that contingency mission and they do train for it.

In addition to that, as far as interface with FEMA is concerned, we are providing as a matter of fact now, a Deputy to FEMA from the Army. A general officer has been nominated because we realize that there is a great interface and requirement to interface with FEMA in the mobilization area in terms of industrial resources, personnel resources, and conflict.

We have a general officer who has been nominated to be the Deputy to FEMA and we would hope with that new organization and that new agency would expand on the mobilization issues that have just been brought up here in the last few moments.

STRENGTH STATUS OF NATIONAL GUARD

Senator STEVENS. I am concerned about Senator D'Amato's division up there and what that implies. Let me ask the Guard. General, can you give us a list of those States in which the Guard is below the average?

General WALKER. Yes.

Senator STEVENS. And compare that to their mobilization time. Have we set such a priority that in fact we have only those that have high mobilization dates or high enough in strength and in equipment and capability that they could respond?

General WALKER. We will furnish that for the record.

[The information follows:]

STATUS OF ARMY NATIONAL GUARD

Answer. As of 28 Feb 81, the average strength for all States was 89.5. The following States were below that average:

State	Percent strength	Major unit
Arizona	81.3	1–180 FA BN.
California	73.7	40th Inf Div (M).
Delaware	80.4	280 SC BN.
Hawaii	85.4	29th Inf Bde.
Idaho	87.4	116th ACR.
Illinois	75.8	66th Bde 47th ID.
Iowa	71.0	34th Bde 47th ID.
Kansas	72.5	69th Inf Bde.
Louisiana	83.7	256th Inf Bde (M).
Maryland	78.2	58th Inf Bde.
Massachusetts	89.3	26th Inf Div.
Minnesota	81.3	47th Inf Div.
Montana	82.3	163rd ACR.
Nebraska	88.5	67th Inf Bde (M).
Nevada	87.3	1–221 Arm BN.
New Hampshire	77.3	2–197th FA BN.
New Jersey	87.2	50th Amd Div.
New York	71.4	42d Inf Div.
Oklahoma	79.7	45th Inf Bde.
Oregon	81.6	41st Inf Bde.
Pennsylvania	85.3	28th Inf Div.
Texas	83.2	49th Amd Div.
Utah	81.2	1457th EN BN.
Virginia	78.7	116th Inf Bde.
Washington	79.7	81st Inf Bde (M).

Also listed above are the major units in the understrength States. Since these units are scheduled to arrive in the theater of operations in (Deleted) days following mobilization, none are classified as early deploying. As a result, they do not receive the full range of resources available to units in the early deploying package. In general, the Army has established a prioritization system which allocates the scarce resources available to those units having to deploy and fight first.

CALL-UP STATUS OF GUARD

General WALKER. I think the Senator would agree that the first men to fight certainly ought to be well equipped and that is what the Army concept is now.

Senator STEVENS. If we assume that we needed the second and third rounds, they would be there. That assumption, as I understand, is wrong if I understand the Senator from New York. There is nothing there to call.

Mr. CLARK. That is not correct.

General WALKER. If I gave that impression to him, sir, I gave the wrong impression.

Senator STEVENS. You gave the impression if you called up that Division, you would get some 70 percent of strength.

General WALKER. That is correct.

Senator STEVENS. And poorly equipped.

General WALKER. That is correct.

Senator STEVENS. Why call them up?

General WALKER. Sir, that is the problem we are trying to emphasize to you.

Senator STEVENS. By definition, the first troop you would call up at 89 percent strength?

General WALKER. That is the average.

Senator STEVENS. Maybe we should have fewer divisions and 100 percent in all of those.

Mr. CLARK. That is where you run into problems. That is not a new subject of course. One of the problems is when you cut down the base on which the units are located, this reduces your recruiting base and so it can be a problem.

Our objective, and I must point out if you look at our strength growth across the board that we have achieved the last couple of years and what we are programing, we will basically be coming up to our desired peacetime strength levels overall.

RECRUITING AND RETENTION INCENTIVES

Senator STEVENS. Where are you going to target this new money and these new people, to the 89 percent and above or the 89 percent and below?

Mr. CLARK. Let me explain our bonuses. Basically the bonuses are provided to all people enlisting in higher priority units and to all people regardless of the unit priority who are in the combat arms skills. The division will then be able to benefit from that bonus.

Down in the rifle companies which, frankly, are the great problem of where you have difficulty enlisting people, the bulk of those people will be eligible for enlistment bonuses.

Senator STEVENS. It seems to me we are going to have to go into this, I might say to the Senator from New York, because that perpetuates the problem.

Mr. CLARK. I agree.

Senator STEVENS. I do not know that I ought to be involved. Let me go off the record.

[Discussion off the record.]

Senator STEVENS. I have one last question. I wonder if it isn't possible, getting back to recruitment now, and we will go into this other subject again, I think we ought to learn something about. Maybe we can go over and visit with them and see if we can understand it rather than the formality of questions and answers.

Senator SCHMITT. I think when we do that we need a good graphical representation of where we have been and where we are today and where you are trying to get to in equipment and manpower and the whole nine yards of it. Without it, all I know is that the New Mexican guys are in the same shape as what has been described for New York and they're not equipped with real stuff.

Mr. CLARK. I think that would be very worthwhile.

EDUCATIONAL ASSISTANCE

Senator STEVENS. We will line up a date and some morning we will go over and do that with the Guard and Reserve and see what we can see. We need a little education. Let me ask one last question and that is I am concerned that we may be paying so much for the recruitment devices and retention devices that we may be missing the fact that if we would look to improving, if the basic opportunity concept and improving some of the bonuses, we might be able to get a GI Bill concept and receive a commitment to serve in exchange for assistance to people who may be going on a year or two of college and finally school and get some combination package there.

Now several of us suggested that a few years ago and we were not able to get it fleshed out. Isn't the cost of these recruitment devices you are using now much more than if we really planned systematically to channel our education assistance into people who would make a commitment to serve in the Army?

Mr. CLARK. I do not know if it would be cheaper. Obviously it would depend upon the type of educational program that you would be talking about and so forth.

Senator STEVENS. A junior college kind of thing is what we are thinking about.

Mr. CLARK. I don't know if it would be cheaper. I don't know whether or not the savings you might have from other sources would be larger. I think you would still need bonuses with whatever educational program you have because you want to keep in mind that bonuses are involved not just in attracting the person into the service but they are also a management tool causing him to be attracted into a particular skill within that service or to a particular geographical area such as Germany or some other area.

If you have one program that covers everybody, we still need some kind of a management tool that influences the discrete choices a person makes.

Senator STEVENS. Obviously there are a series of questions. I want to defer this a little bit. Last year I found out that some people with basic opportunity grants were getting more in terms of assistance from the Federal Government than a person who enlisted in the Army.

Mr. CLARK. We sometimes call that the GI Bill without the GI.

Senator STEVENS. I don't like that. I think we ought to tilt that the other way and make the additional assistance available to the person who makes the commitment to service and I would like to work on that program. Thank you very much. Senator Rudman, I would appreciate it if you would carry the rest of the hearings.

TRY AND BUY CONCEPT

Senator RUDMAN. I just want to go back to the testimony of several days ago. It was General Meyer and Secretary Marsh and I asked them about Mr. Conte's statement dealing with the Reserve Forces Policy Board.

That is the try before buy idea he has trotted out here in the last 3 or 4 days. I would like your views on that, particularly in light of another statement of the Chief of Staff, General Meyer, who said in

his testimony that our deployed forces are highly competent and highly trained and in a good state of readiness.

But the key to any real victory in terms of performing the mission would be sustainability and, of course, this is really what we are talking about, sustainability. What do you think of Mr. Conte's situation? Have you had a chance to think about it?

Mr. CLARK. I have not really had a chance. The first I knew about it, to be very candid with you, was when I saw it in the newspaper and I haven't really sat down and given it a good hard look.

However, at this time, I see no reason to turn away from the All-Volunteer Army and I believe we can make it effective. Finally I guess the bottom line is I have only one alternative and that is to make the All-Volunteer Army work.

I think the decision to go to some other form of satisfying the military manpower is really out of the hands of the military Services and more in society's or in your hands.

Senator RUDMAN. I understand that and yet we are probably going to find out in the next year whether or not it is going to work. I for one favor a limited form of conscription. I think it is absolutely necessary and I think we will come to that conclusion a year from now. There is simply no amount of money you can offer some segments of this society and they don't want to go into the military voluntarily. That is just the way it is.

That is for whatever reason. They are all going to have to face some crises in my view. I wanted to ask you about the Reserve forces in terms of their training and to the high technology missions that many have to carry out.

TRAINING OF ACTIVE AND RESERVE COMPONENTS

I would like to know what you are doing specifically, particularly following on to Senator Kasten's dialog with you. When you have that kind of educational problem, which is not the Army's fault, it is the failure of society that we have people with these kind of skills, what are you doing in these Reserve units that have high technology missions? I am familiar with some of them in my own State.

How are you going to retain them and what are you doing in a special way to rectify this situation?

Mr. CLARK. Well, let me take a crack at it and maybe General Walker or General Berkman would like to add to it. As you know, the recruiting of individuals for the Army Reserve is accomplished by the same recruiting organization that recruits for the active force.

Then the Active Army enlistee, the Guardsmen, and Reservists have to go through the same evaluation test and face the same entry test. They all go to the same active duty training. Regardless of the skill, the Guardsman, the Reservist, and the active duty personnel are right there side by side and there is no difference in their identification.

They go for the same period of time as the active soldier. So up to that point they have the same initial soldier training. It is maintaining those skill levels that of course is the peculiar problem we have in the Reserve component because of the limited amount

of time that they have for training subsequent to their initial training.

We have acquired a wide variety of exported training devices, simulators, and those kind of things that are particularly useful in a remote location.

As you may well appreciate each location is probably a little different and some places have firing ranges and others don't and so on. But the principal effort is toward exportable training materials, audio-visual lessons and simulation in which the persons work side by side with the equipment at their own pace to improve or to maintain their skills.

READINESS AND INTEGRATION OF RESERVE COMPONENTS

Senator RUDMAN. Let me ask General Walker about the state of readiness of the New Hampshire National Guard?

General WALKER. Sir, the New Hampshire National Guard is rated in the upper bracket.

Senator RUDMAN. Would you hold on just a second until the bells stop ringing?

General WALKER. The New Hampshire National Guard, sir, is rated as a very high quality Guard. Again, you have a strength problem. Although you are at about 76 percent of authorization, you have a good Guard in that State.

Mr. CLARK. Let me add a couple more things on your training issue. One, we are increasing the integration and the tie-in between the Reserve and Active components. We are doing that in a wide variety of ways. In some areas where there is a close geographic proximity, that is great.

Second, we are increasing the number of full-time people and one of the reasons we do that is so that the training in that limited amount of time will be well organized and can be well prepared and well executed. Those, along with access to Reserve and active schools for our people are the principle things.

General BERKMAN. If I might supplement Mr. Clark's statement in connection with the increased emphasis on training. There is increased emphasis on training management throughout the chain of command, units participating more in joint readiness exercises with the active component, the deployment training overseas if that fits their alinement with the mission that they would be performing in wartime.

I think all of this and the things that were mentioned by Mr. Clark are resulting in our improved retention statistics for the Army Reserve because of the kind of training and the satisfying training that is improving.

General WALKER. I have to report to you that last year the Guard had an increase of 10 percent in the number of units meeting their training objectives.

EDUCATIONAL PROPOSALS

Senator KASTEN. Mr. Clark, I guess this was the statement from General Yerks, but you speak about the necessity or at least your support of obtaining a good educational bill with the provision of transferring benefits to dependents and so on. General, are you

familiar with the bill which Senator Armstrong has recently introduced?

General YERKS. Yes, sir. Could I just add, sir, we are now in a period in the Department evaluating a congressionally directed test and that test is over with or will be over this calendar year. We are going to come in with, hopefully, a comprehensive package in some form which will address the educational incentives which we think are very essential to the sustaining of the force.

Specifically there are 10 bills that have been introduced or proposals that address various educational packages. We just recently examined and I am familiar with Senator Armstrong's bill and many of the features of that bill we are in favor of.

Senator KASTEN. You are studying for one year to try to find out what kind of an educational program you need?

General YERKS. Sir, last year the Congress directed that we test various forms of educational incentive packages. There were actually 4 different test cells around the country which we are testing to the end of this fiscal year.

At the end of those tests it is the Department's position that we will come back to the Congress with the results of those tests and put a proposal on the table for you.

MORALE OF NATIONAL GUARD

Senator KASTEN. General Walker, how do you rate the morale of the Army Guard groups around the country?

General WALKER. I have observed many Guard units across the Nation and I don't find any morale troubles out there. I think we are doing great.

Senator KASTEN. What about your reenlistments. Doesn't that have any relation to morale?

General WALKER. Our reenlistment rates continue to rise.

General BERKMAN. In continuation our retention rate is improving, which reflects satisfactorily on the morale of the units in a number of programs I mentioned. The Capstone program, that alines every Reserve unit in the structure with an active component unit that it would be supporting or deployed with in the event of wartime, that is the kind of thing that is emphasized to all members of the Army Reserve to include the importance of mission oriented training for them. That is resulting in improved retention.

NATIONAL GUARD PROBLEM STATES

Senator KASTEN. We are going to get into the policy question of the Reserve unit but you have given a similar answer to each of the various States that have asked you. What are your three worst States, where do you have the biggest problem. You would think that these are the three States that we are most dissatisfied with out of 50 ranking and what are the three worst?

General WALKER. I am assuming you are referring to the three worst States in strength?

Senator KASTEN. Strength would be one component, by readiness as well?

General WALKER. I cannot give you an overall answer on that because there are so many factors that vary between the States.

You have a variance in structure and most other things. No two States are alike and it is just hard to tell you what three States are the worst.

Senator KASTEN. Well, what States do you have particular problems with?

General WALKER. Strengthwise, we have problems in the larger States.

Senator KASTEN. Such as New York.

General WALKER. Yes, that is where our main strength problems are. New York, as I identified to the Senator, and California is another one. The two largest States are where we have our strength problems, but I hasten to say they are turning it around. Strength is improving in both of those States.

Senator KASTEN. Well we are going to get back into this question.

RESOURCE STATUS OF NEW YORK GUARD

Senator D'AMATO. So we don't really occupy too much at a time with some specifics, that really concerns what I have been leading to before is a rather serious state of the readiness of New York. I am going to ask my staff to submit to you in writing some questions and I would like a reply back in writing.

Senator RUDMAN. You can do that?

Senator D'AMATO. I will touch briefly on some of the questions. What plans are there to replace old radios now in use in New York in the Guard Reserve units?

What plan is there to supply to New York Guard units?

What plans are there to provide National Guard units ammunition and peacetime training in war deployment?

What plans are there for ammunition programs?

How are Capstone plans effecting New York units?

What support is planned for the Army for the New York Guard and Reserve units to improve their combat readiness?

What plans are there to provide New York units with the attack helicopters so they can train to provide their wartime anti-tank missions?

Do you think that that is a reasonable request?

What plans are there for replacing antiquated trucks and equipment and tents in the Guard units in New York in particular?

My gosh, how do you anticipate being able to take these units that are in the state they are in now?

If you gear a program to give incentives to those who are on top rather than those who are on the bottom, and notwithstanding the fact that you talk about those who are in the rifle corps getting incentives, the point is, gentlemen, if you have a problem, you had better try to gear incentives to those areas that will lead one out of the problem areas and out of the place and not just continue to say because the State is so large we have these problems.

But, again, we will submit those in writing and I would like a response. Those things are not just indigenous to New York but, as I say, they are simply existing in the Guard and those questions are problem questions that could be asked and the same responses will probably be elicited if they were to be asked of other units throughout the Nation.

EQUIPMENT

Mr. CLARK. May I add one point for clarity on equipment and that is, as you know, we have a number of division sets of equipment in Germany and active units will leave their equipment behind here and fly over and fall into that equipment.

Now that equipment left behind is also designed to provide and fill up the equipment requirements of the Reserve component units when they report to their mobilization station. I don't want to suggest that this takes care of all of the equipment.

Senator D'AMATO. They have not been flying out of our State, that is obvious.

Mr. CLARK. The point is you don't want to necessarily load all of the equipment on top of a part-time organization if you have the equipment elsewhere in the event it has to perform its mission. What you do need is enough to train on.

Senator D'AMATO. I think the Chairman indicated previously that maybe we would take some time out.

Mr. CLARK. We would be delighted.

Senator D'AMATO. And visit there and it might be an eye-opener. I understand you can't spend all of your time with regard to the Guard but inasmuch as we say that 35 percent of our Armed Forces, at least we put that down and chalk up to combat readiness. I think it is something that should draw a little more attention.

ALCOHOL AND DRUG ABUSE

There is one other thing. I notice there are some statistics about alcohol and drug abuse. What programs are you working on to combat this problem which I think is probably understated because if 26 percent indicate they have been using and are using various drugs from hard drugs to hashish and marijuana and then there is an alcohol problem on top of that?

I think we have a very significant problem that we do not want to talk about or mention because it is not the nicest thing. What are we doing in that area?

Mr. CLARK. We have a very aggressive program and one in which I think we can take considerable pride. When I say take pride in, that does not deny the problem. It isn't just an Army problem, it is a society problem, too. We have significantly improved the amount of dollars and the capability of the professional resources that are applied to this particular problem.

We are concentrating considerable effort on the identification and prevention as well as the rehabilitation, and we have had some success. We need to gather a lot more data on just how successful we are but we even have further increases in the program each year.

General YERKS. In the fiscal year 1982 budget there is $44.5 million devoted specifically to the drug and alcohol area. We have in excess of 1,000 military and some 900 civilians that are in various roles of counselors and rehabilitation technicians. It is rather an extensive problem.

DRUG PROBLEM IN EUROPEAN THEATER

One other program that has gotten most visibility has been in Europe where we, because of the large influx of drugs, hard drugs and marijuana and hashish, have turned the direction of our program to drug suppression and law enforcement and have gotten rather tough.

We have been able to do this because of the changing environment in Germany in particular where just a few years ago the drug trade and the drug activities were primarily U.S. military problems. Now that has spread to the German economy and we have a very extensive program in conjunction with German authorities to surpress drugs.

It is a very serious problem. We are most concerned about it and we put just a considerable amount of resources into the program to combat it. Rehab is also a very extensive program. We feel that many of these soldiers can be returned to duty and perform well.

We returned some 18,000 to duty this past year, productive good soldiers through a rehab program.

Senator RUDMAN. I would just add, and I believe the facts are correct here, that the fiscal year 1981 and 1982 budgets are both pegged at $44.5 million. Is there any reason you didn't ask for substantial increases to keep knocking the problem down?

Mr. CLARK. We did have a substantial increase the year before which brought us up to that level.

Senator RUDMAN. Do you think this level is adeqate for 2 years?

Mr. CLARK. I think so. We wouldn't hesitate to want to do more if we had some statistics that would so indicate.

General YERKS. We went up about 12 percent in personnel and I think 11 percent in dollars in fiscal years 1980 and 1981 and at this stage we even find that we have difficulty in hiring qualified counselors in these areas.

They are just not available in the market. So I think the reasonable jump in resources we have requested is about all we can absorb right now and do a job. If in fact we need more, we will surely come back in and ask for it because this is degradation of readiness when you get into these areas.

SUBMITTED QUESTIONS

Senator RUDMAN. I am going to have to recess the subcommittee unless you have a further question.

We do have additional questions which we will submit to you to be answered for the record.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

Questions Submitted by Senator Stevens

Army Budget

Senator Stevens. The FY 1982 Army budget requests an additional $3M for a new program that will pay single, unaccompanied soldiers a cost of living allowance for assignment overseas (except in FRG). These personnel, however, are those living in barracks and receiving their meals on post. For what specific expenses then is this funding designated?

Mr. Clark. Singles Cost of Living Allowance (COLA) is to be paid to members assigned at all overseas locations where a COLA is authorized. Accompanied and unaccompanied members assigned to high cost overseas locations residing on the economy receive a COLA to maintain the purchasing power of their spendable income on a par with their counterparts in the Continental United States (CONUS). Single and unaccompanied members with government facilities available, however, do not receive a COLA to offset added overseas expenses. Singles COLA is proposed to offset those increased expenses incurred by members overseas. These include only costs affected by the local economy and the currency exchange rate. Categories of expenses for example indicate one-third of a soldier's pay is converted into foreign currency. Specific expenditures include recreation (40%), food (19%), transportation (14%), clothing (10%), gifts (5%), and all others (12%). Many goods and services, both on and off the government installation, are extensions of the local economy such as haircuts, shoe repair, laundry and dry cleaning, clothing, transportation, snacks, and meals. Therefore, these soldiers overseas have their spendable income depleted similar to those on the economy; however, they are financially penalized for being overseas when compared to their counterparts in the United States.

Army Budget

Senator Stevens: The Reagan administration has reduced two accounts in the original FY 1982 Army budget by some $87 million. Specifically, the overseas costs of living allowance account for U.S. military in Germany has been decreased $67 million, and the overseas housing allowance has been reduced $20 million. These adjustments are based solely on the current strength of the dollar in relation to the Deutsch Mark, the exchange rate being $1.00 = DM 2.10. This program cut assumes, then, that the exchange rate will not fall below this level for the entire fiscal year. If the rate does fall, what course of action would the Army take? Is this program cut prudent?

General Yerks: At this point in time, actions have occurred that may affect our estimate in terms of the cost avoidances anticipated in the FY 1981 Supplemental and FY 1982 Amendment. The exchange rate in Germany has continued to fluctuate and surveys in Germany show that commissary/exchange prices have increased compared to CONUS. The impact of these actions may result in a cost of living allowance (COLA) bill in Germany, including an increase in the singles COLA estimate, that must be paid rather than the anticipated cessation of COLA payments. Given the current situation and assuming no significant foreign exchange deviations in Germany from the present rate, the estimated cost increase of COLA in Germany is approximately $11 million in FY 1981 and $52 million in

FY 82 (includes $10 million in FY 82 for singles COLA). Assuming no funds become available within MPA, financing actions available to the Army include reducing military personnel programs, reprograming from other appropriations or a supplemental request. The first two actions run contrary to efforts to improve personnel posture and readiness in the Army. In retrospect, this program cut may not have been prudent. However, this is a difficult area to predict and at the time the decision was made, it appeared to be a proper one.

Recruitment

Senator Stevens. The Army met its FY 1980 recruitment goal and preliminary data for FY 1981 indicate that recruitment is on target. However, the increased recruitment resulted in part from the acceptance of a higher proportion of non-high school graduates -- personnel who statistically have a higher attrition rate. Specifically, what measures are now budgeted to attract the high school graduate?

Mr. Clark. In FY 81, Enlistment bonuses, additional recruiters, and educational incentives are items which will help recruit more High School Diploma Graduates. Due to Congressional support for these resources and dedicated work by the recruiting force, in FY 81 the Army will enlist more High School Diploma Graduates than FY 80. This will raise the percentage of High School Diploma Graduates among non prior service enlistments to over 70%.

Category IV Ceiling

Senator Stevens. In an effort to improve force quality, Congress recently placed a maximum ceiling on each service of 25% Category IV recruits for FY 1982 and 20% Category IV recruits for FY 1983. (Category IV represents the lowest acceptable test score personnel). What measures is the Army adopting to meet these requirements, and what is their likelihood of success?

General Yerks. Our efforts are focused on recruiting more higher scoring High School Diploma Graduates. Initiatives to support this effort include greater and more flexible enlistment bonuses, modernization of the recruiting force, and an educational incentive package.

Given Congressional support, we are confident that we can recruit the type of Army we want. If these resources prove insufficient, the Army will request from Congress resources necessary to man the Army.

Senator Stevens. The Administration has requested repeal of the statutory limits on the number of Category IV recruits, citing the possibility of recruit shortfalls. If the Congress were to lift the ceiling, would this not represent a trade-off of quality for quantity?

General Yerks. No, the Army is committed to recruiting more higher scoring High School Diploma Graduates.

EDUCATIONAL INCENTIVE

Senator Stevens. Educational benefits, such as loan forgiveness and non-contributory educational assistance and VEAP (Post-Vietnam Era Veterans' Educational Assistance Program)

programs, are currently being tested by the Army as additional incentives to enlist high quality personnel. Testing of these programs will continue until September 1981. At this time, however, what are the cost estimates of these programs if fully implemented? If the Army is targeting high caliber personnel -- high school graduates -- using educational benefits as incentives, would not a return to the GI Bill accomplish the same objectives at a much lower cost to the taxpayer? Please give a personal opinion.

General Yerks. In action related to the conduct of our current educational test program, the Veterans' Administration has budgeted in FY 1982 for a one year continuation of the VEAP program. Results from the test are expected in time for the Congressional hearings on the FY 1983 Defense Authorization Bill. At that time the Department of Defense will be able to submit to Congress its proposal for a program of educational incentives for the military. The complexity and relatively short experience with the current test has not given us sufficient data at this time on which to base a cost for full implementation. Since the programs were designed for use in a one-year test, we would have to make several modifications in order to influence the Total Force. Only the loan forgiveness program, for example, applies to the Reserves; the House Armed Services Committee (Mini GI Bill) proposal we are testing has a cash-out option with which we have no experience; and we are not testing a transferability provision in the Senate Armed Service Committee (Non-Contributory VEAP) proposal. We will have to carefully evaluate all aspects of these tests programs prior to submitting a proposal. In my personal opinion we should adopt a comprehensive educational package similar to what many Americans remember as the "GI Bill."

CONTROLS ON RECRUITERS

Senator Stevens. With the increased emphasis on achieving recruitment goals, what controls are placed on individual recruiters to check improprieties, avoid cheating, and ensure effective management of the recruiting system?

Mr. Clark. The possibility of improper recruiting practices occurring is of continuous concern to the Army. In order to prevent, detect and correct those infrequent cases of cheating or other irregularities, we have implemented a number of controls. The Recruiting Command established the Enlistment Standards Directorate, 1 July 1979, with the mission of monitoring the Active Army and USAR recruiting process to insure validity of enlistments and integrity of recruiting. This mission involves an active centralized investigated program and development of management tools to identify, eliminate, and prevent recruiting irregularities and malpractice. Included in these tools are the analysis of reports, staff assistance visits, and increased command emphasis placed at formal training conducted at the recruiting schools.

Recruiting Screens

Senator Stevens. One of the goals of effective recruitment is the exclusion of high-risk personnel so as to increase retention rates. What method is used to screen applicants and how effective has it been?

Mr. Clark. The overall Army program is designed to recruit and retain the best available personnel to meet the needs of the Army. All applicants for enlistment in the Army must meet the aptitude, medical and moral standards. These standards are designed to screen-out high-risk individuals with limited potential for success in the Army. In addition, all applicants must meet the standards established for each occupational specialty before enlistment. These standards are based upon the training required for successful completion and performance in a specific military specialty. Screening of all enlistees continues after entry on active duty. All soldiers are closely observed during training. Those who cannot adapt to military life are separated prior to 180 days of service under the Trainee Discharge Program. This screening procedure is considered to be very effective since only qualified soldiers are sent to units. The screening continues in units where separation procedures are available to commanders for expeditious discharge of non-productive soldiers.

TRAINEE AND EXPEDITIOUS DISCHARGE PROGRAM

Senator Stevens. The Administration has stated that there are well established programs for eliminating those recruits who are incapable of becoming useful service personnel. Specifically, what are these programs, and, at a time when manpower is in such demand, are unfit personnel regularly eliminated from the Army?

General Yerks. The Army's Trainee Discharge Program (TDP) and Expeditious Discharge Program (EDP) are well established programs for the separation of those soldiers found not suited for military service. These programs coincide with Congressional desire for elimination of marginal performers (HAC Report Number 93-662, DoD Appropriations Bill, 1974). The TDP applies to trainees who have been in the Army less than 180 days and who demonstrated they lack the necessary motivation, discipline, ability, or aptitude to become productive soldiers. The EDP applies to members serving on a first enlistment who have completed at least 6 but not more than 36 months of service, and have demonstrated they cannot or will not meet acceptable standards required of enlisted personnel of the Army. The early identification and elimination of incapable soldiers under the TDP results in reduced training costs and more profitable use of our commanders' time with these soldiers who demonstrate a potential to complete training. Similarly, the EDP enhances unit readiness by reducing administrative load and permitting more profitable use of a commander's time with the operational aspects of the unit. Both programs reduce AWOLs/ desertions and other adverse losses, demonstrate to our soldiers at an early stage that the Army is not a haven for non-achievers, and permit the separation of those who can't adapt before they get in more serious trouble and possibly receive a less desirable character of service discharge. The number of discharges under these programs in recent years have been substantially lower than in the years 1977 and earlier.

Policy on Dependents

Senator Stevens. What is the policy of the Army as regards first term enlistment of personnel with dependents?

Mr. Clark. An applicant with a spouse who has 3 or less dependents is eligible to enlist if otherwise qualified; if the applicant has 4 or more dependents a waiver is required.

Husband and wife teams with dependents under 18 years of age are not eligible to enlist. Additionally, an applicant who has a spouse who is a member of the Active or Reserve Component of any service and other dependents under 18 years of age is not eligible to enlist.

Lastly, the Army precludes the enlistment of sole parents unless dependents under the age of eighteen have been placed in the custody of the other parent or another adult by court order or as provided by state law and the applicant is not required by court order to provide child support for three or more dependents. This policy applies to both male and female applicants.

The above mentioned policies are applicable to both the active and reserve component.

RETENTION

Senator Stevens: Last year, the Congress devoted considerable time and attention to the problem of mid-career retention rates of Army personnel. $148.8 million was funded for FY 81 in the form of selective reenlistment bonuses and special pay for critical skills such as combat arms and military intelligence. For FY 82, the Reagan administration is requesting $196 million for the continuation of these reenlistment bonuses as well as for the establishment of new programs directly aimed at reducing combat arms shortages. In justifying these FY 82 requests, can the Army demonstrate the success of current initiatives in the form of increased rates of retention for the first half of FY 81?

Mr. Clark: For those combat arms and intelligence skills where reenlistment bonuses were added and/or increased effective 1 October 1980, the reenlistment rates for the first five months of FY 81 are 18.2 percent higher than the FY 80 rates. A more detailed display of data is depicted below:

REENLISTMENT RATE (PERCENT OF ELIGIBLES)

BONUS ZONES 1/	FY 80	FY 81 (Thru Feb 81)	PERCENT INCREASE
Zone A	53.5	63.4	18.5
Zone B	72.0	79.4	10.3
Zone C	77.2	96.3	24.7
ALL	61.7	72.9	18.2

1/ Zone A is from 21 months to 6 years of service; Zone B is from 6 to 10 years of service; and Zone C is from 10 to 14 years of service.

PREGNANCY IN THE ARMY

Senator Stevens. Pregnancy has been cited as one reason for the higher attrition rate as a pregnant soldier can voluntarily leave the armed forces. It has been estimated that at any one time as many as 9% of the female soldiers are pregnant and unable to accomplish their military assignments. In light of the directive mentioned above, can the Army afford to continue this policy of voluntary release? If this problem persists, what impact will the increased accession of female soldiers have on force readiness?

Mr. Clark. We are currently evaluating the impact of current pregnancy policies on force readiness. We expect to complete this evaluation in the early fall.

Cohesion and Stability

Senator Stevens: The Army is currently testing the concept of regimental cohesion whereby the unit as a whole -- rather than individuals within that unit -- is trained, deployed and rotated. The purpose of this program is to determine whether such "unit affiliation" will decrease attrition rates and contribute to manpower stability. What will this program cost, and what impact will it have on the funding of permanent change of station (PCS) moves?

General Yerks: The Army is currently conducting an evaluation of company size unit replacement as a method for increasing cohesion, stability and readiness in units. This pilot program will form 19 combat arms companies/batteries (infantry, armor, artillery). These will be composed of first term enlisted personnel who will remain in these units for the term of their initial enlistment as well as cadre (officers and noncommissioned officers) who will also be stabilized. Evaluation costs, primarily TDY for the test headquarters, is $45,000 in FY 81 and $72,000 in FY 82.

Since the 19 unit test is being conducted under existing tour length policies, there is no significant increase in PCS cost. Expansion of the concept beyond company level to possible battalion replacement within a regimental system and the personnel policy changes required is still under study by the Army Staff. Any estimates of increased PCS or other costs will be dependent upon the recommendations of this study.

Reserve Forces

Senator Stevens. What portion of the Army budget is devoted to the improvement of Reserve Component readiness and capabilities? What specific Reserve Component programs are targeted for improvement?

Mr. Clark. $4.0 billion has been requested in Reserve Component appropriations for the 1982 fiscal year to man, equip, and train the 895,000 men and women serving in the Army National Guard, the Army Reserve, and the Individual Ready Reserve.

Since we have an imbalance in the active force -- undermanned combat organizations backed by an inadequate active support structure, we recognize that improved readiness of our Reserve Components is more essential than ever before. Today's Army Reserve and Army National Guard are an integral and essential part of the Army and must be capable of performing wartime missions from the outset of hostilities.

Specific programs developed in balanced increments across our major functional areas -- organizing, manning, equipping and modernizing, training, mobilizing, and deploying -- to achieve near-term improvements in our Reserve Components readiness posture have been included in the $4.0 billion request.

Organizing. The FY 1982 budget supports activation of two divisional combat electronic warfare intelligence (CEWI) battalions, five separate CEWI companies in support of corps and brigade operations, and conversion of one aviation unit to a corps level CEWI aviation unit in the Army Reserve. In addition, the request supports activation of two nuclear/biological/ chemical (NBC) defense companies, one smoke generator battalion headquarters, and

two smoke generator companies in FY 1982 as part of the Army's effort to improve its chemical warfare capability. FY 1982 troop program guidance further supports this effort by activation of three other NBC defense companies, two more smoke generator companies, five decontamination detachments, and 14 other various NBC detachment-sized elements. $7.0 million has been requested to support these Army Reserve force structure changes.

Numerous conversions, inactivations, and activations of units are scheduled which modernize the non-divisional structure of the Army National Guard to meet Total Army service support requirements and in aggregate, net to an increase of about 1500 personnel authorizations. Highlights include the activation of 2 NBC defense companies, 1 CEWI battalion; 2 petroleum supply companies, and organization of the Guam National Guard.

Equipping and Modernizing. The FY 1982 budget request will improve the readiness of high priority, early deploying Reserve Component units by providing for purchases of chemical defense equipment and items such as binoculars, camouflage screens, kitchen equipment, medical sets, tool sets, repair parts, and winter clothing. These items are important to unit readiness but will have little effect on overall unit status ratings (C-ratings) because equipment ratings are primarily a measurement of major items. The Other Procurement Army (OPA) appropriation request has been increased by $100 million to purchase major items for early deploying RC units. Included are 5 ton truck tractors, semi-trailers, 5,000 gallon tankers, forklifts, generators and communications equipment. These major items will significantly improve readiness and should be reflected in unit status ratings upon delivery in FY 83 and 84. However, major item equipment shortages in the later deploying, major RC combat units preclude significant improvement in their overall readiness. These units would require massive amounts of funding to make them ready.

Manning. The Army Reserve plans to attain a Unit and Trainee Strength of 227,283; a Full Time Active Duty Strength of 6285; and 8,564 Individual Mobilization Augmentees (IMA) for a total Selected Reserve strength of 242,132. By including the IMAs for the first time in the Selected Reserve, the Army Reserve is significantly improving the mobilization capability of the Active Army. To assist in the accomplishment of this manpower program the Army Reserve is requesting an expansion of the Full-Time recruiting and retention force, $3.2 million for part-time recruiting and retention personnel, and $30.6 million in incentives for both the IRR and Selective Reserve. Additionally, the Army Reserve is requesting $58.1 million to support the Army Reserve ROTC program and $15.2 million to support the Health Professions Scholarship program.

Army National Guard programs requested include affiliation bonuses and expansion of the full-time recruiting and retention force. These programs will support a planned growth of 12,000 in end strength from FY 1981 to FY 1982. The budget request also includes resources and other incentives for a reenlistment program to stimulate growth in Inactive National Guard.

Training. We are expanding Reserve Component training to include program growth for Joint Training Exercises, Reserve Component/Active Component Planning Association (CAPSTONE), nuclear weapons training, Skill Qualification Testing (SQT) increases, and aviation special training. Together with improved strength and more Full-Time manning, these initiatives should result in modest improvements to unit and individual training readiness.

Reserve Component partnership and affiliation programs and participation in exercises, both home and abroad are being expanded.

Mobilization and Deploying. For FY 1982 the Army Reserve is requesting $1.8 million for mobilization personnel management improvements. Development of a standard automated personnel system for the Army Reserve and National Guard and several support information systems are in process. Furthermore, National Guard and Army Reserve units are planning to receive the Decentralized Automated Service Support System (DAS3) equipment in FY 1982. Training plans in FY 1982 call for approximately 200 Reserve Component units participating in overseas training exercises and training programs directly related to post mobilization missions and deployment sequence. Approximately once every three years, priority Reserve Component units will deploy overseas and receive realistic, mission-oriented training. Such exercises are not only valuable training for the units involved but also a superb means to tie together all the connective links which integrate Active, National Guard, and Army Reserve units into a Total Army.

Role Of Reserve Forces

Senator Stevens: Most theories on the future employment of ground forces envision two distinct scenarios; (1) a short, conventional war in Europe with little advance warning (possibly escalating to tactical nuclear weapons); or (2) the deployment of US forces to third areas such as the Persian Gulf/Middle East theater of operations. What is the role of reserve forces in light of these scenarios, and how do they contribute to the Army's "total force" concept?

Mr. Clark: The Reserve Components are a vital element in the total Army concept as evidenced by the current Army structure. Forty-two percent of the soldiers in the total Army are guardsmen or reservists. This equates to one-half of the Army's combat units and two-thirds of the combat service support units. These figures reflect a considerable reliance on the Reserve Components in the Total Army's capability to respond to major contingencies. The fact that some level of mobilization is required to meet theater force augmentation requirements is obvious. Just as important is the significant role played by non-deploying Reserve Component forces. Forces designated for employment in CONUS are critical to augmenting the capability to deploy forces to the theater, sustain theater operational endeavors, and support the expansion of the Army structure if required.

While the foregoing was specifically related to units, the total Army additionally looks to a trained manpower pool of reservists - the Individual Ready Reserve. Personnel in this category are required to meet the early manpower requirements following mobilization until trained draftees are available.

Retention

Senator Stevens. One program designed to increase personnel retention is that offering an 18-month European tour option to the first term, three-year enlistee. Last year, the Army estimated that implementation of this option would cost $51.6 million. This year's budget requests $23.2 million for funding, in addition to the funds appropriated by the last Congress. At what point is the Army now as regards full implementation of this program, and is last year's estimate for total costing still valid?

General Yerks. Phase I of this program was initiated on 1 October 1979 with the introduction of an enlistment option which

guaranteed an 18-month tour in Europe. Full implementation, Phase II of the program for Europe and Japan, was implemented on 1 October 1980. The FY81 budget contained $10.2M to support continuation of Phase I and implementation of Phase II. Full implementation cost is $51.6M per year starting in FY82. These costs include additional accession costs to include clothing bags, initial entry training costs in the OMA apropriation, pay and allowances of additional military personnel in the individuals accounts (transients and trainees) and PCS costs. Some of the costs were absorbed inside Army/DOD. The budgeted $23.2M represents the additional FY82 PCS cost required to sustain the 18-month tour. Proration of tours for first term enlistees assigned to Europe and Japan prior to 1 October 80 will commence on 1 October 81 and will be completed by 31 March 82. After this date, no first term soldier 3 year enlistee serving in Europe and Japan will serve involuntarily in excess of 18 months.

CONUS TO CONUS REENLISTMENT OPTION

Senator Stevens: In November 1979, a CONUS-to-CONUS reenlistment option was initiated for first term soldiers who wished to reenlist for another stateside assignment. The rationale behind this program was that it would increase reenlistments by about 2,000 per year. Does this particular option still exist? Has it proved successful?

Mr. Clark: The CONUS-to-CONUS Station of Choice Reenlistment Option for first term soldiers has been very successful and is now an integral part of the Army Reenlistment Program. From 1 November 1979 to 30 September 1980, 5,390 first term soldiers reenlisted for this option. It continues to be popular during Fiscal Year 81 (1 Oct 80 - 15 Mar 81) with 2,469 first term soldiers reenlisting for this option.

Because of the popularity of the CONUS-to-CONUS option, a six month pilot program was established on 1 November 1980 to test a similar option for career soldiers reenlisting for selected installations. To be eligible, a career soldier must be in the rank of E-6 or below with 14 or less years of service. The reenlistment is limited to designated posts experiencing NCO shortages. The posts that are presently available are Forts Campbell, Carson, Lewis and Irwin. From 1 November 1980 to 19 March 1981, there have been 352 career soldiers reenlist for another CONUS post under this program.

Attrition of Women

Senator Stevens. The office of the Secretary of Defense has directed the Army to increase the number of female personnel over the next four years. Statistically, however, there is a higher attrition rate among women than among their male counterparts. To what is this attributed, and what measures is the Army taking to counter this adverse trend?
Mr. Clark. The 3-year attrition rates among females are higher than those among males largely because of losses due to pregnancy and the Trainee Discharge Program (TDP). Currently, about 13 percent of female first term enlisted soldiers attrite prior to completion of their term of enlistment, due to pregnancy which occurs after completion of Individual Entry Training. The largest increase in female attrition has occurred in losses from the

Trainee Discharge Program (TDP), which include pregnancy losses that occur during initial training. The TDP loss rate for the FY 77 female cohort was 8.7 percent, but losses in the same category for the FY 80 Cohort reached 12 percent. The 3-year total attrition rate is expected to peak at 47 percent for the FY 80 cohort, approximately 3 percentage points higher than the projected rate for the FY 79 Cohort. This rise in total attrition is due largely to an increase in non-high school diploma graduate accessions, who were not accepted in large numbers until FY 80 and who attrite at higher rates than high school diploma graduates. The Army is examining comparative male/female attrition by MOS to determine the causative factors and to develop a counter-attrition strategy for use by commanders and supervisors at all levels.

RESERVE FORCE READINESS

Senator Stevens. Both Army National Guard and Army Reserve force readiness have been impaired by a personnel shortage. Neither met their FY 80 end strength objectives. Together, however, they comprise over 2/3 of the regular Army's support capability. In what ways do personnel shortages in reserve forces differ from those of the active forces, and what steps are being taken toward attaining reserve readiness objectives?

Mr Clark. First, we must understand that neither of these two components were programed or budgeted to achieve their peacetime objectives for strength in FY 80. This same situation is true for FY 81 and FY 82. However, both components are programed to close the gap between actual strength and the desired peacetime strength in a reasonable and rational manner. ARNG FY 1980 paid end strength increased by over 21,000 during FY 80 as a result of success in recruiting and reenlistment efforts and intensified attrition management. Despite this success, the Guard entered FY 1981 with a paid end strength over 50,000 below the desired peacetime strength. The positive effects resulting from ongoing incentive programs, an affiliation bonus program and further expansion of the recruiting and retention force are expected to sustain the current momentum of strength increases as the Guard approaches the desired peacetime strength.
With respect to the USAR, during 1980 continued success in recruiting and retention amplified by the effect of enlistment/reenlistment bonuses and improved attrition management produced an increase in USAR paid strength which was slightly above the budgeted end strength. Despite this improvement, the USAR began FY 81 over 52,000 below the desired peacetime level. The prospects for FY 1981 further capitalize upon the effectiveness of the US Army Recruiting Command in the USAR recruiting market, the expansion of current bonus programs and the implementation of an affiliation bonus program. The Army Reserve has developed programs that are designed to make substantial progress towards the peacetime objective strength by 1986. These programs include financial incentives (both cash and educational assistance) for persons enlisting in high priority units and critical skills, increased recruiting forces, increased emphasis on retention efforts--including financial reenlistment incentives, increased retention personnel and expanded support for Reservists performing retention functions on other than drill periods (man-day spaces). The expansion of the full-time manning program is expected to significantly improve retention results while simultaneously improving combat readiness in areas other than personnel.

Reserve Component (RC) shortages exist in the majority of occupational skills but are most critical in combat and combat support skills. Significant strides have been made in reducing the shortages since the inception of the Selected Reserve Incentive Program (SRIP). The SRIP provides enlistment, educational and reenlistment incentives to eligible personnel enlisting or reenlisting in either a bonus-designated early deploying or employing unit or for a critical skill in any unit. Infantry, Armor, Field Artillery, Air Defense Artillery, Combat Engineer, Medical and Military Police are currently designated as the critical skills authorized incentives. An analysis is currently in process to determine which additional skills or specific units should be authorized incentives to further assist in reducing critical skill shortages.
Similarly, the Active Component remains short of its desired peacetime objective as well as being short in selected grades (to include officers) and skills such as mid-level NCOs and personnel in combat arms, intelligence, and high technology career fields. Many of these critical skills will be duplicative of those in the Reserve Components. The active component's initiatives in promotion, reenlistment bonus, the ROTC program and compensation initiatives are among efforts which will help alleviate these shortages. Unlike the active component however, the Reserve Components lack the management ability to geographically distribute its recruits where critical shortages exist.

Individual Ready Reserve

Senator Stevens: The Individual Ready Reserve is a major source of pretrained military manpower. Yet, it remains approximately 275,000 short of its manpower authorization. What efforts are being made to correct this deficiency?

General Yerks: Since the IRR has no structure or statutorily prescribed manning level, there is no actual authorization; thus, its shortfall can only be discussed in terms of the residual shortfall after all pretrained personnel are applied against wartime manpower requirements. At the end of FY80, the strength of the IRR was 205,296. The Army's end-FY80 calculation of the M+90 shortfall of pretrained military manpower for a NATO-only scenario was 249,000. If this shortfall were to be made up only by the IRR, another 356,000 would be needed for a total of 561,000. The joint Army and OSD projection of the pretrained manpower shortfall for FY86, if all strength improvement programs are successful, is approximately 111,000. If this shortfall were to be made up only by the IRR, 159,000 IRR in addition to the 331,000 projected for FY86 would be needed for a total of 490,000. This total assumes full resourcing and success of a comprehensive program of initiatives to reduce the total Army shortfall which include increasing Active Component recruiting and retention efforts, incentives and enlistment options for the Selected Reserve, and continuation of management efforts as well as the reenlistment bonus program for the IRR and ING. Specific administrative and management actions to increase the strength of the IRR include:

-Enactment in 1978 of a six year military service obligation (MSO) for females.

-Terminiation in 1978 of automatic transfer from the IRR to the Standby Reserve upon completion of the fifth year of the MSO.

-Implementation in 1979 of a MSO for enlistees 26 years old or older.
-Initiation in 1979 of a program to transfer to the IRR in lieu of discharge those personnel not completing a full enlistment who evidence potential as mobilization assets.
-Elimination, beginning in 1979, of time spent in the Delayed Entry Program as counting against completion of the MSO.
-Testing, during FY79 and FY80, of an Active Component 2X0X4 (two years active duty, zero years in Selected Reserve, and four years in the IRR) enlistment option that keeps individuals in the IRR longer.
-Implementation in 1979 of a Selected Reserve 0X3X3 (zero years active duty, three years in the Selected Reserve, and three years in the IRR) enlistment option that provides for a longer stay in the IRR.
-Implementation in FY81 of an IRR reenlistment bonus program (maximum of $600 for not less than three years).

Reserves in the Rapid Deployment Force

Senator Stevens. What role will Army reserve assets play in the Rapid Deployment Force? Is FY 1982 funding adequate to cover both personnel and materiel requirements?

Mr. Clark. Army Reserve Component combat support/combat service support assets make a vital contribution to the forces available to the Rapid Deployment Force. Some combat service support units, such as graves registration and water supply companies exist only in the Reserve Component. Therefore the Rapid Deployment Force is dependent upon Army Reserve Component assets for these types of support. The current force provides National Guard and Army Reserve units to the Rapid Deployment Force. Additionally, the Army Rapid Deployment Force list includes Active Component units with equipment prepositioned for NATO deployment (NATO POMCUS). The departure of these units with the Rapid Deployment Force would require the callup of Reserve Component units to assume the NATO missions if reinforcement were required in NATO.

The FY 82 Army Reserve funding is adequate to provide for personnel requirements but not materiel requirements. Although the FY 1982 Budget Amendment submitted in March 1981 provides for significant improvements to procurement of authorized TOE (Table of Organization and Equipment) equipment, some shortages will still exist in non-TOE equipment.

CHEMICAL WARFARE

Senator Stevens: Individual and unit training programs continue to be emphasized in Army readiness programs. One area of constant concern, however, remains that of chemical warfare--an area in which the Soviets are known to excel. The Carter Administration proposed additional funds for new unit formation and for additional chemical warfare training. To what extent will the Army focus on chemical warfare defense?

Mr. Clark: The Army assigns high priority to defense against chemical warfare, continuing the emphasis which was initiated in 1975, when the significance of the Soviet chemical warfare threat was recognized.

As a result of increased training and improving both equipment capability and availability, we are at the point of (Deleted) for

immediate survival of our combat forces following a chemical attack. Immediate survival is defined (Deleted) and is primarily a function of prior training of the soldier to respond automatically and exactly; of the duration of effectiveness of the individual protective clothing and equipment; and of the unit's ability to fight while the individuals are subjected to protracted physiological and psychological stresses caused by adoption of a protective posture--mask, overgarment, gloves and overboots.

Our highest development priorities are chemical agent antidotes for self-aid/first-aid, an improved protective mask, as well as improved individual protective clothing. Our development programs in the latter two areas are geared to employing new technologies in lens materiel and fabrics to overcome current deficiencies which degrade the soldier's ability to effectively operate on the chemical battlefield.

Although we have confidence in our forces' ability to survive the initial chemical attacks, (Deleted) Sustained use of chemical agents by the Soviets will deny the soldier the essential rest and relief required to perform normal body functions of eating and elimination of body waste, limit our forces' use of key facilities and terrain, and severely degrade the required logistical support. Our priorities for sustained survival includes emphasis on development of enhanced collective protection for vehicles and unit shelters suitable to the forward battle area, rapid decontamination means, and a variety of contamination avoidance measures such as agent resistant paints, stand-off detection equipment, and a rapid chemical reconnaissance capability. As the result of previous development efforts, an improved nerve agent vapor detector alarm is incorporated in the FY82 procurement program. This improved detector will give our forces a ten-fold increase in detection of nerve agent concentrations.

The impact of CW on logistical and medical functions is a major concern. Measures to sustain vital logistical services such as fuel, ammunition, water, maintenance, and treatment of casualties are being intensively investigated. Our objective is to extend the fighting effectiveness of the force (Deleted) (Deleted)

Effective training affords the greatest readiness payoff in the short term. Unlike the Soviets, our forces cannot train with live toxic agents. We have, therefore, an active R&D effort to develop realistic simulants and delivery means which are moderately punitive and interact with standard detection and decontamination equipment. The 1982 budget request for R&D includes $843K in training systems for chemical defense. We particularly need effective simulants for a realistic NBC scenario in the force-on-force exercises which are being developed for the National Training Center at Fort Irwin, CA.

In summary, the FY82 Research and Development Program recognizes the significant deficiencies of our defensive posture and the effort required, and provides for a $90M increase over the FY81 effort.

The FY82 budget continues prior year programs for stock funded chemical defense equipment for both Active and Reserve Component forces. This program is essential for hands-on performance experience with the individual protective items necessary for survival. The FY82 budget request includes $34.4M for Active Component and $15.2M for the Reserve Component for training and contingency issues of chemical defensive equipment.

One hundred twenty million dollars are programed in FY82 for major items of defensive chemical equipment, to include: the M51 Collective Protective Shelter, M8 Chemical Agent Alarms and replacement of the obsolete detector element, and for fill of pro-

tective mask shortages. This represents an increase of approximately $60M over the FY81 budget.

Force structure actions will provide the requisite chemical defense units for 12 of the 16 active divisions and approximately (Deleted) of rear area support by the end of FY82. The remaining divisional requirements and some additional rear area support is programed by the end of FY86. At present, we have authorized chemical officers at brigade and maneuver battalions (Infantry, Armor, and Cavalry) and enlisted specialists down to company level. These individuals will enable commanders to plan and conduct effective, realistic training in chemical defense. Coupled with this, the Army is reviewing its training literature and establishing training standards for individuals and small units. To insure we can meet our requirements to continue operations on the battlefield, command emphasis down to the lowest echelon is being placed on chemical defense. For too long, the Army has oriented training on its conventional warfare experience. The thrust of our program is to change the way in which the Army perceives the battlefield environment, and thereby institutionalize the kind of training emphasis and readiness that will prevent us from losing because our adversary uses chemicals.

One major shortfall is the lack of a toxic training facility for training our chemical specialists with live agents. We are now planning the construction of such a facility, consistent with environmental standards, at Fort McClellan, AL, which is the location of the Army Chemical School. We estimate the cost for the facility at $4.7M (MCA) and $190K annual operating cost (OMA).

The optimum level of preparedness for chemical warfare is a difficult equation in which no realistic quantum change is going to both significantly enhance protection and minimize the loss of combat effectiveness to such a degree that the requirement for a retaliatory capability will be negated. Therefore, defensive or protective measures are not, and will not be, sufficient to deter the use of chemicals. What we need, in addition to a good defense, is a valid retaliatory capability.

Electronic Warfare Training

Senator Stevens. Similarly, electronic warfare is likely to play an extremely important part in any future conflict. In your opinion, is the amount of resources devoted to electronic warfare training sufficient, and is the current emphasis on electronic warfare adequate to meet the battlefield threat?

Mr. Clark: The amount of resources devoted to electronic warfare training is not sufficient. The Army needs equipment, new organizations, and training areas to improve electronic warfare training. In the area of equipment we need additional jammers and simulators to approximate quantitatively the expected hostile threat; deception devices to conduct training in electromagnetic cover and deception; and electronic warfare self-protection devices to improve survivability training for our aircraft pilots, tankers and combat troops. On the organization side we need organizations to replicate/aggressor electronic warfare forces during training and exercises; to train troops in electromagnetic cover and deception tactics; and to improve survivability tactics against threat surveillance and target acquisition systems. For realistic training we need electronic warfare training areas which are not constrained by potential interference with other users of the electromagnetic spectrum. To overcome the deficiencies in equipment, we are procuring additional jamming systems; defining requirements for deception material; and investigating various electronic warfare self-protection devices to

assess their utility. The Combat Electronic Warfare and Intelligence (CEWI) tactical organization which will improve our organizational structure for conducting electronic warfare operations and training is being implemented throughout the Army. The National Training Center, will permit uninhibited employment of electronic warfare activities during training. Similar facilities at Nellis Air Force Base, Nevada, are available to our pilots for electronic warfare tactics training. However, additional resources are needed particularly in the area of electromagnetic cover and deception. We need a considerable increase in resources to achieve a viable capability in this important area.

Whether the current emphasis on electronic warfare is adequate to meet the battlefield threat is highly judgemental. We are aware of the Soviet capabilities and are working to correct our deficiencies in equipment, organizations, and training. A limited amount of electronic warfare is taught in Service Schools to our commissioned and noncommissioned officers. Electronic warfare is integrated into all field exercises to expose commanders to the threat they will be faced with on the battlefield. Efforts such as the National Training Center at Ft. Irwin, California, will allow heavy combat battalions to operate in a realistic electronic warfare environment without the constraints normally associated with units training in CONUS and overseas installations and maneuver areas. We have done a lot in the past few years, but we need to do much more to enable our units to conduct effective combat operations in an electronic warfare environment.

Rapid Deployment Force

Senator Stevens. Will the deployment of the Rapid Deployment Force require the reassignment of any NATO units currently in Europe or the addition of forces which would otherwise reinforce the Atlantic Alliance? Are there sufficient personnel and equipment to field both NATO and RDF troops simultaneously?

General Yerks. Deployment of the Rapid Deployment Force does not require the reassignment of any Army forces currently in Europe. In most cases, however, the Active Component/Reserve Component units designated to reinforce Europe are the same forces that will support the Rapid Deployment Force. The Army Rapid Deployment Force list includes Active Component units assigned NATO Prepositioning of Materiel Configured to Unit Sets (NATO POMCUS). The deployment of these units with the Rapid Deployment Force would create a degradation of support capability in NATO and would require the callup of Reserve Component units to assume the NATO missions. The Reserve units called up would be units already designated to reinforce Europe but their deployment dates would be accelerated. Strategic lift is also inadequate to support these simultaneous deployments.

Flying Duty Crew Pay

Senator Stevens: Recent statistics indicate a large increase in the number of E-1 to E-3 personnel drawing flying duty crew member pay. What force structure changes have been made to necessitate this pay increase?

General Yerks: It is estimated that 357 enlisted members in grades E-1 - E-3 will be paid crew member flight pay in fiscal year 1982. This is an increase of 115 positions for these grades over fiscal year 1981. This increase is not related to any force structure changes, rather it is related to revised estimating

techniques which result in shifting approximately 2.7% of the payments from grades E-4 and above to grades E-1 through E-3. The overall total number of enlisted crew members is estimated to decrease by 165 positions in fiscal year 1982.

Cadet Subsistence

Senator Stevens: Please justify the 30% increase from FY 81 to FY 82 in the funding of subsistence for Army cadets.

General Yerks: The average daily rate for subsistence has increased from $2.92 per day to $3.49 per day, an increase of 20 percent since submission of the initial fiscal year 1981 budget estimate for this account. This change is related to the actual feeding costs for cadets. The fiscal year 1982 budget has been increased by approximately 10 percent, to $3.80 per day, based on the anticipated impact of inflation on food costs.

Permanent Change of Station (PCS)

Senator Stevens: PCS funding continues to account for an enormous portion of the Army's budget. It has been noted that a 40% across-the-board increase has occurred in the "member mileage and per diem" accounts for both officer and enlisted personnel in accession, training, operational, rotational, separation and unit travel. What is the basis of this 40% and why are the rates of change among these entitlements identical?

General Yerks: The PCS reimbursement entitlement to the member increased from FY 81 to FY 82 as follows:

For FY 81 the rate was based on $.07 per mile monetary allowance in lieu of transportation (MALT) plus $35.00 a day per diem.

For FY 82 the rate was based on $.185 MALT plus $45.00 per diem. Execution in FY 82 is now planned at $.16 MALT plus $50 per diem. The cost of this program is about the same as $.185 MALT plus $45.00 per diem. We made this shift so that the PCS per diem rate would be equal to the TDY rate which is presently $50 and thus simplify execution in the field.

This change (FY 81 to FY 82) in entitlement of member mileage and per diem equates to a rate change in excess of 40%. Since this entitlement increase is identical for both officers and enlisted and for all move categories, the ratio of increase for the rate (member mileage and per diem) is identical.

RECRUITER CHANGE

Senator Stevens: The payment of supplementary allowances for recruiting duty shows a decrease in the number of women recruiters and an increase in the number of men recruiters when comparing FY 81, and FY 82 budget data. Please explain.

General Yerks. The payment of supplemental allowances does not necessarily reflect a decrease in the number of female recruiters. The number shown in the budget justification book is a one time allowance (issue in kind and payment) to newly assigned recruiters for uniforms. The FY 82 justification book for Military Personnel Army, page 73 reflects 100 new female recruiters in both FY 81 and FY 82. However, the FY 81 justification book did reflect a FY 81 estimate of 270 new female recruiters which was inordinately high. The FY 82 justification book reflects a more realistic estimate. The Army has not made

a policy decision to decrease female recruiter strength. The female recruiter strength at the end of FY 80 was 355 against a current strength of 349.

Subsistence in Kind

Senator Stevens: Why has the Army enlisted subsistence in kind (operations, rations, meals, combat, individual) account increased by one-third when comparing FY 81 and FY 82 budget data?

General Yerks: The rates reflected for meal, combat, individual (MCI) represents the difference in the total cost of the item and the rates that are reflected for feeding under subsistence in messes; or the net additional cost of the MCI. The rate reflected in the FY 82 column of the FY 82 President's Budget ($2.33) has increased by 50% over the rate reflected in the FY 81 column of the FY 81 President's Budget ($1.55), a $.78 increase. The rate increase is the result of actual and projected inflation. Actual cost of the MCI has increased by $.50. The subsistence in messes rates have decreased (which, in fact, increases the MCI cost), and the total number of required MCI's has decreased, resulting in a net increase of $.07 in the MCI rate. Projected FY 82 inflation will cause an additional $.21 increase in the MCI rate.

Death Gratuities

Senator Stevens: To what is attributed the marked decline in the number of death gratuities for enlisted personnel when comparing FY 81 and FY 82 budget data?

General Yerks: The decrease in FY 82 amounts to 11 less payments since the initial FY 81 budget estimate was submitted. The number of payments estimated for this account is based on past experience and the FY 82 budget reflects the latest trend for the enlisted account.

Housing Allowance

Senator Stevens: Comparing the FY 81 and FY 82 budget data, why does the housing allowance for E-1 and E-3 personnel decline much more sharply than that for other enlisted grades?

General Yerks: Housing allowance payments are based on the latest information available and the latest housing surveys received by Headquarters, Department of the Army. The allowances for the E-1 and E-3 personnel, while reflecting a greater decrease than those for the other enlisted grades, represent the latest payments being made to members in those grades. These changes are reflected in the revised 1981 column and are further revised downward for fiscal year 1982.

Cost of Living Allowance (COLA)

Senator Stevens: Comparing the FY 81 and FY 82 budget data, the COLA rates for E-1 - E-4 personnel show a definite increase while those for E-6 - E-9 and officers decline. Please explain.

General Yerks: The initial fiscal year 1981 budget estimate included funds to support payment of overseas COLA for members in barracks. This new initiative amounted to $28.0 million and was based on 47 percent of the entitlement payable to married soldiers. This lesser rate, coupled with an increased number of recipients because of this initiative, resulted in a compression of the average

rates shown for the E-1 - E-4 grades as compared to the other grades. Supporting funds for this payment were subsequently reduced by the Congress and the rates for these grades were then readjusted to reflect the normal COLA payments being experienced, as reflected in the actual rates for FY 80 and the revised rates for FY 81. The decline in the high grade enlisted and officer average rates is due to a more favorable foreign exchange rate in Germany which in turn reduced COLA rates paid.

Questions Submitted by Senator Stennis

PRIOR SERVICE ENLISTMENT

Senator Stennis. The Army appears to be doing very well in the recruitment of prior service personnel. To date, the Army has achieved 126 percent of your objective. These personnel have been trained and exhibited at least minimum acceptability during their initial enlistment. The objective number for recruitment of this group appears relatively small. Is the Army doing all it can to encourage enlistment of prior service personnel?

Mr. Clark. The Army does, given specific Military Occupational Specialties (MOS) and years of service constraints, want to enlist those soldiers with Prior Service. We have historically enlisted some 10 to 15 thousand each year since 1975 and plan to continue. Additionally, the US Army Reserve and Army National Guard together enlisted some 80,000 Prior Service personnel in FY 80.

Educational Incentive

Sentator Stennis. Your statement mentions that the decline in accessions of high school graduates coincided with the expiration of GI Bill benefits in Fiscal Year 1977. A number of bills have been introduced in both houses of Congress to reactivate a similar form of educational assistance. I know the Army has done a lot of work in this area. What would be your recommendations as to the provisions which should be in an enacted bill?

Mr. Clark. There are several programs currently in effect offering educational assistance of up to $14,100 to some recruits and other programs are being tested in FY 1981 that are worth up to $20,100. The purpose of the test is to determine which programs will work best to recruit and retain the personnel we need. A report will be prepared following careful evaluation of the test results recommending a permanent program. It is the Department of Defense position that making a recommendation on a permanent education assistance program before the test results are known would be premature.

If a permanent education assistance program were to be enacted, there are several features that the Army believes should be included. The provisions are: (1) non-contributory benefit available to all personnel with provision for in-service use; (2) administered by VA with basic entitlement funded by VA; (3) an earning rate of one month of educational benefit for each month of service up to a maximum

of 36 months; (4) a larger monthly entitlement for those who serve for two or more enlistments; (5) transferability of unused benefits to dependents; (6) a reduced entitlement for reserve service; (7) a use delimiting date of ten years from separation and; (8) the requirement for nothing less than an honorable discharge. Whatever the results of the test, the Army views the above feature as critical to its recruiting and retention efforts.

ADVERTISING PROGRAM

Senator Stennis. Your statement mentions the request to increase the advertising program by $14.9 million in fiscal year 1982 in an effort to obtain more high school graduates. Just what forms of advertising has the Army found to be most beneficial?

Mr. Clark. The current budget request for FY 1982 increases the advertising program by $14.4 million. We can't single out one advertising medium as most beneficial because all make a different, but necessary contribution. Like other advertisers, we aim for the mix best calculated to carry out a given communications strategy. Currently our highest priority objective is to make "Willie and Joe" relevant to a "Star Wars" generation, and television is the most effective medium for image changing, particularly with a youth audience. We are using more radio than formerly because a theme song, which we employ, is an important campaign element. And music registers well over radio. Print advertising remains important because it more precisely conveys necessary facts and qualifiers than does broadcast advertising. Direct mail is our most efficient source of leads for recruiters.

RECRUITING BUDGET

Senator Stennis. Would you expand on the increase of $90.2 million in the recruiting budget and tell us the various activities involved.

Mr. Clark. In the FY 82 budget, we have several increases over the FY 81 budget. Enlistment bonus will be increased by 32\overline{M}$. The Army will need new legislation, of course, but it is the Army's desire to pay higher bonus levels, bonuses to three year enlistees, and expand the number of specialties which can receive a bonus. Advertising will be increased by 14.4\overline{M}$ to assist in penetrating the more difficult market due to declining number of eligibles and increased competition from industry, other services, and educational institutions. Recruiter support will increase by 21.7\overline{M}$ to support 255 additional recruiters and offset increased costs of doing business. Other areas that will increase are facilities, training, communications, ADP systems, and recruiter aide support. All of these increases are necessary to pay for the increased costs of recruiting in a more difficult market.

Motivator for Enlistment

Senator Stennis. I am interested in what your studies show are the prime motivators that induce a young person to enter the Army. Is it pay, or educational benefits, or the opportunity to learn a trade -- or a combination of these plus others? There must be some trends.

Mr. Clark. Historically, these items have combined to attract young men and women into the service.

WOMEN IN THE ARMY

Senator Stennis. Your statement mentions that the Army is reviewing the entire issue of women soldiers. What are the types of issues being reviewed, and when do you anticipate that the results will be available.

Mr. Clark. The Army Staff is reviewing policies and programs in the areas of pregnancy, single and in-service parents with minor dependent children, comparative male/female first term attrition and career retention, comparative duty time lost for all reasons, and classification, assignment and untilization. The purpose of these initiatives is to determine the impact of women officers and enlisted personnel on the combat readiness of the Active and Reserve Forces. We expect to have initial results by the end of this calendar year.

Selective Reenlistment Bonus

Senator Stennis. The maximum Selective Reenlistment Bonus (SRB) program has been increased from $12,000 to $16,000. How many persons were paid the maximum bonus in fiscal year 1980, and what is the projection for fiscal years 1981 and 1982?

Mr. Clark. The exact number of persons paid the maximum Selective Reenlistment Bonus (SRB) in fiscal year 1980 is not available; however, based on estimates of current bonus information we expect that number to be around 450. The number of persons projected to receive the maximum SRB payment during fiscal years 1981 and 1982 is 500-600 each year.

Follow On. Would you also provide for the record, a listing of the critical skills which qualify for the maximum bonus.

Mr. Clark. The skills which qualified/qualify for the maximum SRB payment follows:

FY80: 05D (Electronic Warfare/Signal Intelligence Emitter Identifier/Locator)
05G (Signal Security Specialist)
05H (Electronic Warfare/Signal Intelligence Morse Interceptor)
05K (Electronic Warfare/Signal Intelligence Non-Morse Interceptor)
12E (Atomic Demolition Munitions Specialist)
21G (Pershing Electronics Materiel Specialist)
24H (Improved HAWK Fire Control Repairer)
72H (Central Office Operations Operator)
91N (Cardiac Specialist) with additional skill identifier Y6 (Cardiac Catheterization Specialist)
97B (Counterintelligence Agent)
98G (Electronic Warfare/Signal Intelligence Voice Interceptor)

FY81: 05D (Electronic Warfare/Signal Intelligence Emitter Identifier/Locator)
05G (Signal Security Specialist)
05K (Electronic Warfare/Signal Intelligence Non-Morse Interceptor)
12E (Atomic Demolition Munitions Specialist)
33S (Electronic Warfare Intercept Systems Repairer)
91N (Cardiac Specialist) with additional skill identifier Y6 (Cardiac Catheterization Specialist)

97B (Counterintelligence Agent)
98G (Electronic Warfare/Signal Intelligence Voice Interceptor)
FY82: Programmed to be same as skills for fiscal year 1981.

Women in Nontraditional Skills

Mr. Stennis. Your statement indicates that enlisted women soldiers are now heavily utilized in nontraditional skill areas--nontraditional meaning skill areas other than administrative and medical. How are commanders accepting the fact that over 60 percent of women soldiers are working in these nontraditional skill areas?

Mr. Clark. The Department of the Army has no formal data with which to determine how commanders accept the fact that large numbers of women soldiers are working in the nontraditional skill areas. Commanders have not voiced concern in this area. However, commanders have expressed concern with regard to the large numbers of female soldiers in their units and the potential impact this fact may have on combat readiness.

Follow-on.

Have your studies shown whether women soldiers are more likely to reenlist after serving in traditional or nontraditional skill positions?

Mr. Clark. A review of reenlistment data as depicted below show that the reenlistment rate (percent of eligibles) for women soldiers in traditional skills is slightly higher than those women soldiers in nontraditional skills:

	FY80	FY81 (1st Qtr)
Traditional Skills	57.2	56.2
Nontraditional Skills	55.8	55.4

Attrition

Senator Stennis: Active duty attrition rates vary from 25 percent for male high school diploma graduates to 59.4 percent for female non-high school graduates with an average attrition rate of 37 percent forecast for 1980 entrants. In other words, one in three do not complete their initial enlistment. How do these statistics fare with sample years of the draft--both wartime and periods of peace?

Mr. Clark: During the draft era the Army necessarily minimized attrition losses to preclude draftees and draft motivated volunteers from avoiding their military obligation. Consequently, we kept marginal performers. Since the inception of the volunteer era the Army has instituted the Trainee Discharge Program (TDP) and the Expeditious Discharge Program (EDP). These programs have simplified identification and discharge procedures such that we are no longer retaining marginal performers unnecessarily. Draft calls ended in December 1972, with the FY 73 cohort. First-term historical and projected attrition rates for selected FY 71 thru FY 81 cohorts are indicated below:

3-YEAR FIRST TERM ATTRITION RATES
(AS PERCENT OF ACCESSIONS)
ACCESSION YEAR

	FY71	FY72 2/	FY73 2/	FY74 2/	FY76	FY78 1/	FY80 1/	FY81 1/
Males	20.1	26.3	28.8	39.1	37.4	31.7	35.3	30.2
Females	52.2	47.6	41.8	40.7	41.4	44.8	47.1	45.2
Total	20.7	24.6	29.3	39.2	37.8	33.5	36.9	32.6

1/ Forecasts based on historical data thru Jan 81.
2/ Includes Inductees, with rates projected for 3rd year.

Follow-on: The Army has shown that it can recruit but retention is still a problem. What programs are being considered by the Army to reduce the percentage of attrition in the initial enlistment period?

Mr. Clark: The Army continues to view first term attrition as a challenge. However, during the past three Fiscal Years the Army met aggregate reenlistment objectives, due largely to success in reenlisting first-term soldiers. A review of 1st Qtr FY 81 retention data indicates this limited success continues and has been attributed partially to compensation improvements. Continued emphasis on pay and new or increased reenlistment bonus initiatives, quality of life improvements and enlisting high school graduates is needed to further reduce attrition.

TRAINEE DISCHARGE PROGRAM

Senator Stennis. The number of discharges from the Trainee Discharge Program (TDP) in recent years has been substantially lower than in the years 1974-1977. Describe this program and tell us about this trend.

Mr. Clark. The Trainee Discharge Program (TDP) applies to trainees who have been in the Army less than 180 days and who demonstrate they lack the necessary motivation, discipline, ability, or aptitude to become productive soldiers. They may be separated for one or more of the following reasons: (1) cannot or will not adapt socially or emotionally to military life; (2) cannot meet the minimum standards prescribed for successful completion of training because of lack of aptitude, ability, motivation or self-discipline; (3) have demonstrated character and behavior characteristics not compatible with satisfactory continued service; (4) do not meet enlistment standards because of disqualifying drug use prior to enlistment; or (5) were pregnant at the time of enlistment or became pregnant after enlistment and cannot successfully complete training. The TDP permits the early identification and elimination of those soldiers not suited for military life and results in reduced training costs and more profitable use of our commanders' time with those soldiers who demonstrate the potential to complete training. Further, the TDP reduces the unit's administrative load, reduces AWOLs/desertions and other adverse losses, demonstrates to our soldiers at an early stage that the Army is not a haven for non-achievers, and permits those who can't adapt to leave without getting in more serious trouble and possibly receive a less desirable character of service discharge. The number of Active Army TDP losses by fiscal year were 13,612 in FY 74; 21,290 in FY 75; 21,876 in FY 76; 18,116 in FY 77; 9,523 in FY 78; 8,563 in FY 79; and 11,701 in FY 80. The decline in TDP losses since FY 77 is due to greater retention emphasis, better training management techniques and increased emphasis on commander and NCO leadership to better motivate trainees.

EXPEDITIOUS DISCHARGE PROGRAM

Senator Stennis. The high years for the Expeditious Discharge Program were in 1976-1977. Discharges under this program have similarly been reduced sharply. Describe this program and tell us about this trend.

Mr. Clark. The Expeditious Discharge Program (EDP), along with the Trainee Discharge Program (TDP), coincide with Congressional desires for elimination of marginal performers (HAC Report Number 93-662, DoD Appropriation Bill, 1974). The EDP was initiated in United States Army, Europe in October 1973 as a test program; expanded to Forces Command, Training and Doctrine Command, and 8th United States Army in November 1974; and was expanded Armywide on 1 July 1975. The EDP applies to members serving on a first enlistment who have completed at least 6 but not more than 36 months of service, and have demonstrated that they cannot or will not meet acceptable standards required of enlisted members of the Army because of the existence of one or more of the following conditions: (1) Poor attitude; (2) lack of motivation; (3) lack of self-discipline; (4) Inability to adapt socially or emotionally; or (5) failure to demonstrate promotion potential. Members separated under EDP must voluntarily consent to the separation. Like the TDP, EDP is designed to eliminate those soldiers not suited for military service. EDP increases unit readiness by reducing unit administrative workload, permits commanders more profitable use of time, reduces AWOLs/desertions and other adverse losses, demonstrates to our soldiers at an early stage that the Army is not a haven for non-achievers, and permits the separation of those who can't adapt before they get in more serious trouble and possibly receive a less desirable character of service discharge. The number of Active Army EDP losses by fiscal year were 2,565 in FY 74; 12,243 in FY 75; 20,888 in FY 76; 16,226 in FY 77; 12,663 in FY 78; 11,292 in FY 79; and 10,097 in FY 80. We attribute the decline in EDP losses to more effective use of training management and leadership techniques by our commanders to motivate and retain more 1st term soldiers. By developing strong unit cohesion, particularly at company, platoon, and squad level, and by promoting personnel stability, we expect this decline in EDP losses to continue.

SENIOR EXECUTIVE SERVICE TRAINING

Senator Stennis. The fiscal year 1982 budget is requesting an additional $700,000 for Senior Executive Service Training. What is the total amount in the fiscal year 1982 budget for this purpose, and how will these funds be spent on the various categories of training.

Mr. Clark. The total amount in the fiscal year 1982 budget for Senior Executive Service Training is $1,411,000. This amount includes funds for the training of both current and potential SES employees. The various categories of training, and the amounts budgeted for each category, are as follows:

TRAINING CATEGORY	COST (in thousands)	INSTANCES OF TRAINING
Short-term training	$ 450.5	148
OPM Executive Development Seminar	61.0 a/	20
Federal Executive Institute	106.4 a/	27
Short courses at various colleges and universities (e.g., Univ. of Houston, Harvard, Univ. of Michigan)	168.5 b/	25
Other professional development	114.6 a/	76
Long-term training	$ 555.5	11
Army War College	101.0 c/	2
National War College	50.5 c/	1
Industrial College of the Armed Forces	404.0 c/	8
SES Candidate Orientation	$ 30.0 b/	35
SES Sabbaticals	$ 220.0 d/	4
SES Performance Appraisal Workshops	$ 30.0 b/	60
SES Candidate Development Program	$ 125.0 e/	N/A
TOTAL	$1,411.0	258

a/ Includes tuition and travel expenses.
b/ Includes tuition, travel expenses, and per diem.
c/ Includes salary, travel expenses and per diem.
d/ Includes salary and travel expenses.
e/ Includes costs of recruiting, rating, and ranking applicants for the SES Candidate Development Program as required by the Civil Service Reform Act.

Facilities Maintenance and Repair

Senator Stennis: Your statement mentions that the increase of $277M in quality of life efforts under the facilities maintenance and repair account will not satisfy the annual recurring maintenance requirements. What is the annual cost of recurring maintenance and where does the backlog presently stand?

Mr. Clark: The original President's Budget submitted in January 1981, did not contain sufficient increases in the Maintenance and Repair of Real Property account to satisfy the annual recurring maintenance requirements. The requests for additional funding in the FY 1981 supplemental and FY 1982 amendment, if approved, would provide the necessary resources to fully fund these annual recurring requirements in 1982. The annual cost of recurring maintenance in 1982 is estimated to be $913.3 million. The backlog of maintenance and repair presently stands at $1,853 million, which is the actual amount reported as of the end of fiscal year 1980. The estimated backlog for 1981 and 1982 is $2,370.4 million and $2,270.2 million, respectively.

National Training Center

Senator Stennis. The National Training Center is being phased into full operation over the next four years. How many units are scheduled to use the Center in fiscal year 1981 and 1982?

Mr. Clark. Three brigade task forces each consisting of two battalions and supporting artillery, air defense, engineer, signal, aviation, and logistics units will train at the National Training Center in FY 1981. Eight brigade task forces (16 battalions) will train at the Center in FY 1982. Additionally, units from the California Army National Guard and 7th Infantry Division (Ft Ord, CA) will conduct periodic training exercises at Fort Irwin during this period.

Noncommissioned Officer Education

Senator Stennis: Please expand on the new Noncommissioned Officer Education System. What does it entail and what will be the annual cost? Is it planned that the program will also be implemented in the Guard and Reserves?

Mr. Clark: Because the Army recognizes the essential prominence of the NCO as the trainer of its soldiers, a progressive career development military education system designed to develop a truly professional corps of enlisted leaders has been established. The cornerstone of this effort is the Noncommissioned Officer Education System (NCOES) which was initiated by the Army more than a decade ago to provide a formal education system for enlisted careerists.

NCOES is a four level (Primary, Basic, Advanced and Senior) formal education system. Enlisted soldiers of the active and reserve components participate. Primary level training is designed to provide initial supervisory and leadership skills for potential enlisted leaders. Basic level training provides additional technical training for E-5s serving in combat support and combat service support MOS and provides combat arms E-5s to conduct individual and collective training in units. The advanced level is geared towards preparing career NCOs for duties at grade E-7 and the senior level provides training necessary for NCOs in grades E-7 and E-8 for duties at grades E-8 and E-9 such as senior operations and intelligence NCOs and company first sergeants. Currently senior level training is offered in the extension mode only. In 1982 the Army will start conducting a resident senior level course for soldiers destined to serve as First Sergeants. The capstone for all noncommissioned officer training is the Sergeants Major Academy. At the academy highly qualified E-8's and E-9's are provided an opportunity to engage in a professional development education program designed to prepare them for service in the highest enlisted positions within the Army and the Department of Defense. The total cost of the noncommissioned officer education program for FY 82 is 24 million dollars (OMA), 618 Military and 107 Civilians.

Questions Submitted by Senator D'Amato

New York National Guard Strength

Senator D'Amato. What is being done in New York State to aid recruiting and retention, considering that the New York Army National Guard has the lowest strength of any States' National Guard, in terms of percent fill of authorized positions?

Answer. The Selected Reserve Incentive Program, initiated in FY 79, provides two enlistment incentives for nonprior service personnel. They are an enlistment cash bonus of $1,500 for a 6-year enlistment and an education assistance bonus for tuition assistance up to $1,000 per year not to exceed $4,000 over a 6-year enlistment. Previously, these incentives were awarded only in designated high priority units. Only 47 percent of the enlisted structure was eligible for enlistment incentives and 15 percent for retention incentives. In FY 81, the coverage for these incentives was expanded to critical skills in all units, and the structure strength now covered is 71 percent for the enlistment bonus and 54 percent for the retention bonus. Although these incentives are improving the strength posture of our units, more is needed. It is critical that all units are at full strength, especially the divisions.

New programs in FY 81 that are available to New York units include a $600 bonus for enlisting in the Inactive National Guard, and an Affiliation Bonus of $25 per month for enlisting and affiliating with a National Guard unit. Also, a student loan repayment program was initiated in FY 81. Although the full impact of these programs is not yet known, it is anticipated that they will significantly improve New York's strength posture.

In addition, New York's Full-Time Recruiting Force was increased from 78 authorized positions in FY 79 to 97 authorized positions in FY 81. Two Full-Time Retention NCO positions were authorized in FY 81. Federal funds for recruiting and retention were increased from $194,000 in FY 79 to $278,000 in FY 81. During March 1980, there was an assistance visit by the Recruiting and Retention Branch of NGB to review the State's strength management programs, policies, and procedures.

In spite of this increased assistance, management problems unique to New York continue to produce results below national levels in recruiter production rates and costs per accession. Recent trends (January and February) indicate a more favorable response to management efforts. If these trends continue, and the FY 82 budget submission is approved by Congress, further improvement is anticipated.

Enlistment Incentives

Senator D'Amato. What are the current incentives for joining the New York Guard and Reserve?

Answer. The current enlistment incentives are an enlistment bonus, an affiliation bonus, an educational assistance program, and a loan repayment program. The enlistment bonus pays $1,500 for a 6-year enlistment. The affiliation bonus pays $25 per month for enlisting and affiliating with a Army Reserve Component unit. The education assistance program pays up to $1,000 per year (not to exceed $4,000) during a 6-year enlistment. The loan repayment program repays $500 or 15 percent (whichever is greater) of student loans for each year of enlistment.

Reenlistment Incentives

Senator D'Amato. What are the current incentives for reenlisting in the New York Guard and Reserve?

Answer. There are two bonuses currently being paid to reenlistees. The retention bonus pays $1,800 for a 6-year reenlistment. This incentive is available for all skills in high priority units and to critical skills in all units. The critical skills include infantry, field artillery, engineer, military police, air defense artillery, armor, and medical. The Inactive National Guard (ING)/ Individual Ready Reserve (IRR) Bonus pays $600 for a 3-year commitment to the ING/IRR. This incentive is available to all skills (except bandsmen) in all units.

Enlistment Bonus

Senator D'Amato. Are bonuses paid to enlistees? How much and in what skills?

Answer. Yes, there are three bonuses currently being paid to enlistees. The enlistment bonus pays $1,500 for a 6-year enlistment. The educational assistance pays up to $1,000 per year for authorized educational expenses, not to exceed $4,000 during a 6-year enlistment. This incentive is available for all skills in high priority units and to critical skills in all units. The critical skills include infantry, field artillery, engineer, military police, air defense artillery, armor, and medical. The affiliation bonus pays $25 per month for enlisting and affiliating with a National Guard or U.S. Army Reserve unit. In addition, the loan repayment program, initiated in FY 81, repays $500 or 15 percent, whichever is greater, of student loans for each year of enlistment.

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Incentives

Senator D'Amato. What results have these recruiting and retention incentives had in improving strength?

Answer. Army National Guard--The results of these incentives in New York are encouraging. With the FY 81 expansion of the Selected Reserve Incentive Program (SRIP) to critical skills, New York has shown significant increases in strength. Total net gains in FY 80 were 839. Total net gains in FY 81 (October through February) were 658. This included 444 gains in February alone.

United States Army Reserve--The Selected Reserve Incentive Programs (SRIP) were initiated in November 1978. As of June 1980, the strength of

Army Reserve units with all incentives (reenlistment, enlistment, and education assistance) had increased by 12.6 percent; the units with only enlistment and education incentives increased by 8.1 percent; the units with no incentives increased by 5.3 percent. The steadily increasing strength within the USAR is attributed, in large part, to the SRIP. As of February 1981, the preliminary paid drill strength of the USAR was 1.2 percent above the year to date program. With the expansion of SRIP in March and April 1981 to more of the early deploying units, strength is expected to continue to increase.

Bonuses and Combat Readiness

Senator D'Amato. Are there any plans to increase or enhance bonuses to improve the combat readiness of New York units?

Answer. An Individual National Guard/Inactive Ready Reserve bonus of $600 for a 3-year enlistment has just been implemented. An affiliation bonus was initiated in FY 81 which pays $25 per month (not to exceed $1,200 in 48 months) for enlisting and affiliating with an Army Reserve Component unit. In addition, a bonus for nonobligated prior service enlistees has been developed and will be implemented upon congressional approval.

Also, the Army is considering the merits of increasing the bonus amount paid for both the enlistment and reenlistment bonuses and is studying the proposal to extend the present bonus package to all units and skills, regardless of deployment sequence.

Education Assistance

Senator D'Amato. What educational assistance programs are available to encourage persons to enlist in New York Guard and Reserve? How effective have they been?

Answer. There are two Federal educational assistance programs available to Army Guard and Reserve personnel. These are the Educational Assistance Program, which pays up to $1,000 per year not to exceed $4,000 during a 6-year enlistment, and a Loan Repayment Program which repays $500 or 15 percent, whichever is greater, of student loans for each year of enlistment. Since its inception in November 1980, the Educational Assistance Program attracted 170 new enlistees in New York. The loan repayment program was just implemented in March 1981.

Education Programs

Senator D'Amato. Are there plans to improve the educational assistance programs, or to begin new programs?

Answer. Effective with FY 81, the educational assistance limit for a 6-year enlistment was increased from $500 to $1,000 per year and increased from $2,000 to $4,000 total for 4 school years. Also in FY 81, a loan repayment program for student loans was initiated. Currently, the National Guard Bureau and the Office of the Chief, Army Reserve support the concept of a comprehensive educational assistance package for both Active and Selected Reserve personnel. Such a package should offer benefits comparable to the two current programs.

Physicians in National Guard and Reserve

Senator D'Amato. What special pay programs are planned to help recruiting and retention of National Guard and Reserve physicians?

Mr Clark. The Office of the Secretary of Defense has initiated a legislative proposal (Misc. 1709) to provide special pay for medical officers of The Reserve Components. Provisions include:

1. Officer must not be on active duty for a period of one year or more, i.e., officer on active duty for a period of one year or more is not eligible for Reserve Component entitlements. He is eligible for active duty special pay. Officer transferring from active duty to reserve status is eligible for entitlements.

2. Entitlements: $5,000 accession bonus for initial assignment to Selected Reserve with a 3-year Ready Reserve agreement. $2,500 accession bonus for initial assignment to Individual Ready Reserve with a 3-year Ready Reserve agreement. $25 each period of duty that basic pay is authorized for Ready Reserve. $1,500 at the end of each satisfactory (retirement) year for Selected Reserve. $1,000 at the end of each satisfactory (retirement) year for Individual Ready Reserve service under a Ready Reserve agreement of three years or more.

3. Unearned amounts will be recouped on a pro rata basis.

4. The proposal is presently under consideration within the Office of the Secretary of Defense.

Fill of Physicians

Senator D'Amato. What percent of Guard and Reserve physician slots are filled at this time? Do you consider the fill level adequate?

Mr Clark. The fill for physicians is 47.5% for the Guard and 28.3% for the Reserves. This is considered not adequate; however, we are striving to improve these percentages.

PX/COMMISSARY PRIVILEGES

Senator D'Amato. Are there plans for extended Post Exchange/Commissary privileges for Guard/Reserve personnel and families?

Mr. Clark. There are two major types of training periods for Reserve Component members, inactive duty (commonly called drill) and active duty for training, which includes two weeks annual training. Exchange privileges are granted to Reserve Component members and their families while in either period of training; but, commissary privileges are limited to these people only while on active duty for periods longer than 72 hours.

In the past, Reserve Component members and their families have been granted exchange privileges on the basis of one day of privileges for an equivalent day of drill. In essence, an eight-hour training day qualified a Reserve Component member for one day of exchange privileges. In April 1980, this was changed by the Defense Department authorizing one day of exchange privileges for each drill period. Since there are two drill periods in a drill day, this change has doubled a Reserve Component member's authorized usage of the exchange. No additional changes to exchange privileges are contemplated in the near future.

In regard to commissary privileges, the Army is now proposing a change of Defense Department directives to right an inequity. Under present directives, commissary privileges are permitted only to Reserve Component members on extended active duty or active duty for

training in periods of more than 72 hours. Since mission requirements may dictate that annual training be fragmented into shorter periods, the affected Reserve Component members lose commissary privileges. This proposal would extend commissary privileges to Reserve Component members whose annual training is fragmented into segments of 72 hours or less. If this recommendation is approved, the change will affect approximately 21,000 Reserve Component members annually. The costs associated with the increased patronage will be absorbed within the system. No further extensions of commissary privileges to Reserve Component members are planned.

Military Leave Pay

Senator D'Amato. What steps are planned to avoid elimination of military leave pay for federal employees, so as to preserve a major retention incentive?

Mr. Clark. On 8 August 1980 I submitted a memorandum to the Deputy Secretary of Defense (Reserve Affairs) addressing the detrimental recruiting and retention effects of eliminating military leave pay for federal employees. Since the proposal did not pass with the Reconciliation Act of 1980, we did not expect to see the legislative proposal appear again in January 1981. When it did, the Army notified the Deputy Secretary of Defense (Reserve Affairs) that the measure was still strongly opposed by the Army. On 17 March 1981 the Deputy Secretary of Defense, Mr. Carlucci, wrote a letter to the Director, Office of Management and Budget expressing opposition to the proposal and recommending it be removed from consideration by the Administration.

We have not been asked to provide written comments concerning this proposal because it was being supported by the Administration, and consequently, we must follow the lead of the Office, Secretary of Defense. I must state again, however, that the Army does not favor passage of the legislative proposal because it will adversely affect the morale, welfare, and retention of Guard and Reserve personnel.

Authorized Strength

Senator D'Amato. Is there a specific plan to bring New York Guard and Reserve units up to authorized strength? If no, why not?

Answer. The current program does not provide resources sufficient to bring the New York Guard and Reserve to authorized strength in the near term. However, the current proram is projected to bring the Army Reserve Components up to peacetime authorization levels by FY 87.

RECRUITING AND RETENTION

Senator D'Amato. What support is the Active Army providing to New York State to assist in recruiting and retention for the Guard and Reserve?

General Yerks. New York State USAR troop program units are vigorously recruited for by USAREC. USAREC applies many recruiting assets and programs for these reserve units. For example, USAREC has over 100 reserve recruiters and 500 Active Army recruiters from four District Recruiting Commands who

recruit for New York state reserve units. USAREC also utilizes national and local advertising, market analysis, General Officers speaker program, Total Army Involvement in Recruiting program, man-day-space program for USAR TPU members, partnership councils and the In-Service Recruiting program to name a few in its efforts to maintain and increase the strength of the New York state reserve units. New York state USAR unit strength increased significantly in FY 80 as compared to FY 79.

USAREC has a procedure whereby active and USAR recruiters are encouraged to refer prospects to the NG if not enlisted for the active Army or USAR. USAREC provides indirect support to the New York state NG units through its In-Service Recruiting program, whereby USAR recruiters working at Active Army installations in the US and Europe recruit or refer individuals separating from the Active Army into NG units nationwide.

PROGRAM TO JOIN GUARD AND RESERVE

Senator D'Amato. Is the Army urging personnel leaving active duty to join the Guard and Reserve? How effective is this program?

Mr. Clark. Yes. Since 1 January 1981, Active Army units have been required to inform soldiers within 60 days of separation about service opportunities in the Army National Guard (ARNG) and Army Reserve (USAR) including the Individual Ready Reserve (IRR). Prior to 1981, full-time Guard and Reserve in-service recruiters were responsible for gaining a commitment to join a Guard or Reserve unit during out-processing at separation points.

To assist Active Army commanders' performing "continuity of service" counseling, the in-service recruiter (ISR) program has been expanded. At present there are 23 ARNG and 30 USAR in-service recruiters located in 27 installations in the United States. In 1978 and 1979 5 ARNG and 3 USAR positions were established in Europe. From November 1980 until February of this year 17 additional USAR in-service recruiters were placed in Europe and 2 in Korea. An ARNG in-service recruiter position has also been established in Korea.

All new active Army reenlistment NCO's receive instruction on ARNG and USAR organization, function, and training during their reenlistment training course. In-service recruiters often contribute to active Army reenlistments by referring undecided soldiers back to their units for reenlistment.

Beginning 13 April 1981, a 14 member ARNG team will be educating Active Army reenlistment NCO's in Europe on National Guard enlisted benefits for personnel who are not reenlisting in the Active Army. The education-awareness team will be operational for 30 days in Europe.

A project is underway to automate USAR unit vacancies so that specific unit vacancy information can be provided to potential USAR accessions who are completing their active duty service.

Since the pre-separation counseling mission in Active Army units is new, no exact figures are currently available. However, the in-service recruiter program alone has accounted for thousands of accessions into the Guard and Reserve since its establishment in

1972. These prior service members are highly cost effective because they are fully trained and provide experience and stability to the Guard and Reserve. The Army's goal is to secure a Guard or Reserve commitment from approximately 3 out of 10 eligible separating soldiers.

Educational Needs for Guard and Reserve

Senator D'Amato. Are there plans to improve the capability of Guard and Reserve units to assist in providing basic educational needs of their members, so as to directly improve the abilities of their personnel to use and employ sophisticated military equipment?

Answer. There are no plans to improve the capability of Reserve Component units to provide basic educational needs. The current limited training time would be severely eroded by this additional training burden. Therefore, qualifications of the accessions into the Reserve Components should be kept at as high a level as possible to improve rates of completion of initial entry training and provide successful unit training.

Equipment Replacement

Senator D'Amato. What plans are there to replace the present family of radios now in use in New York Guard and Reserve units with radios which are compatable with those now in use in the active forces?

Answer. Army National Guard (ARNG) units percent of fill for communications equipment is:

Item	On-Hand
AN/VRC-12 Family Radios	92%
AN/PRC-77 Family Radios	97%
Multi-Channel Commo Equip	71%
Radio Teletypewriter	98%

Although many ARNG units are equipped with an old generation communications equipment that limits their training and mobilization capability, new communications equipment is being issued/procured for the ARNG. For example, the ARNG is authorized 168 AN/TRC 138 radio repeater sets as part of the multi-channel communications system. Forty-nine of these sets are programed for issue in FY 81 with a forecasted issue of 28 in FY 82 and FY 83. In addition, with the FY 81 supplemental of $25 million for the ARNG, a procurement action for 38 AN/TRC-138 radio repeater sets, 48 AN/TRC-151 radio terminals, and 19 AN/TRC-152 radio repeater sets has been initiated.

Early deploying ARNG units, to include some New York ARNG units, will continue to receive assets in accordance with their deployment schedules and priorities. Intensive management of ARNG assets by States and the National Guard Bureau to include redistribution of equipment from lower priority units to higher priority units will insure that early deploying ARNG units have equipment that is compatable with that issued to active counterparts. With the resources available, all ARNG units, to include the New York ARNG, will be equipped commensurate with their post-mobilization missions.

All U.S. Army Reserve units in New York are currently equipped with radios that are compatible with those now used in the Active Army.

ANTI-TANK WEAPONS

Senator D'Amato: What plans are there to supply New York Guard and Reserve Units with TOW and DRAGON Anti-Tank Weapons?

General Walker: The 42nd Inf Div (National Guard) was issued all the TOW equipment it was authorized except for 107 Jeeps. TOW jeeps are short Army-wide and are currently not available for issue to Reserve Units. No get-well date has been projected.

On 29 Oct 80, the NGB redistributed a small portion of the 42nd Inf Div's TOW assets to Georgia. The National Inventory Control Point (NICP) at Missile Command is in the process of shipping TOW launchers and battery chargers to the 42nd ID to make-up the NGB imposed shortage for these two items. Other TOW equipment diverted by the NGB is short Army-wide with no projected get-well date.

There are no Army Reserve Units in NY authorized the TOW Weapons System.

NICP records indicate the 42nd ID is authorized 245 DRAGON trackers and that they have 243 trackers on-hand. The NICP is in the process of determining the correct authorization for the unit. If the 42nd ID is short two DRAGON trackers, the NICP will ship them to the unit as soon as possible. All other items of DRAGON equipment are on-hand in the 42nd ID in authorized quantities.

There are no Army Reserve Units in NY authorized the DRAGON Weapons System.

Radar Equipment

Senator D'Amato. What plans are there to supply New York Guard and Reserve units with ground surveillance radars?

Answer. The New York Army National Guard (NYARNG) is authorized three AN/PPS-5 radar sets and has on hand three AN/PPS-4 radar sets (an authorized substitute). No additional AN/PPS-5 radar sets are programed for issue to the NYARNG during the FY 81-82 timeframe. Priority of NYARNG units is not high enough to justify redistribution of AN/PPS-5 radars from other units in the Army National Guard.

There are no Army Reserve units in New York authorized ground surveillance radars.

Senator D'Amato: What plans are there to provide an adequate supply of ammunition for New York Guard and Reserve units for peacetime training? Will TOW and DRAGON rounds be supplied?

General Walker: Reserve Component units share Army-wide shortages of training ammunition that have resulted from insufficient FY80 and FY81 procurement programs. Current shortages are expected to continue through FY82. The FY82 budget would provide significant relief in FY83. TOW and DRAGON missiles will not be provided for training in New York Reserve Component units. Stocks of these items are extremely short and the Army's authorization policy includes only the highest priority Reserve Component units.

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AMMUNITION SUPPLY

Senator D'Amato: What plans are there for providing an adequate supply of ammunition in the form of unit basic loads for war-time deployment of New York units?

General Walker: Plans for providing basic loads for New York units are the same as active components scheduled for deployment. Basic loads for units deploying to Europe or Korea are already stored in theater. In the event the units deploy to other areas, their basic load will be deployed with the unit only if the New York units are to round-out (fill shortfall) active units which will deploy in the D to D+30 timeframe. Otherwise, the New York unit's basic load is stored at CONUS DARCOM facilities, except the unit can have their basic load of cal. .60 and below on-hand at the installation.

AFFILIATION PROGRAM

Senator D'Amato. What plans are there for Roundout and Affiliation Programs for New York Guard and Reserve Units?
Mr. Clark: Roundout is a category of the Affiliation Program, not a separate program.

The current Affiliation Program in New York State consists of one (1) ARNG unit and seven (7) USAR units.

Phase II expansion of the Affiliation Program scheduled for April 1981 recommends one (1) additional ARNG and six (6) additional USAR units for New York State.

The majority of the ARNG units in New York State are part of the 42d Infantry Division. Divisional units do not participate in the Affiliation Program. RC Divisions receive their AC training support through the AC/RC Partnership Program. The 42d Infantry Division is aligned with the 101st Airborne, Fort Campbell, KY.

CAPSTONE

Senator D'Amato. Has CAPSTONE been fully implemented for New York Units?
Mr. Clark: Yes. The Implementing Plan for the CAPSTONE Program was distributed during August 1980. The Implementing Plan was for execution upon receipt in accordance with agreements cited in the appropriate memorandums of understanding. All depicted organizational associations were formalized and all associated units informed of their assignments prior to the end of FY 80. Units are now in the process of formalizing all depicted organizational associations.

Combat Readiness of New York Units

Senator D'Amato. What support does the Army plan to provide New York Guard and Reserve units to improve their combat readiness?

General Walker. [illegible] of 66 New York Army National Guard (NYARNG) units reported a readiness condition of 70 percent or better (C-3) for

equipment on-hand and [DJ] of 66 reflected C-3 or better for equipment readiness on their last unit status report dated 15 Jan 81.

NYARNG was provided $2,161,100 in FY 81 for procurement of stock fund equipment. The NGB identified $181,000 of this amount for purchase of chemical defense equipment to insure units receive this type of equipment for enhancement of training in a chemical agent environment and improvement of combat readiness. Additional major items of equipment, e.g., AN/TRC-138 radio terminals, RATT AN/GRC-122's, RATT AN/GRC-142's, M88A1 Recovery Vehicles, and other items to improve readiness are currently programed for issue to NYARNG units during FY 81.

General Berkman. Combat readiness is a result of the successful integration of a variety of objective and subjective factors within a unit by its commander. It is not possible to quantify or measure all of these factors, so the Army has developed a system of unit status reporting which measures selected indicators in the areas of personnel, equipment, and training. The personnel and equipment ratings are oriented toward resource availability and are based on objective assessments. The training and commander's overall ratings indicate mission capability and are more subjective. Programs to improve a unit's combat readiness are normally directed toward these three areas.

Previously, I spoke of the enlistment and reenlistment incentive programs in place, that is the cash and educational assistance bonuses available in our early deploying units and for certain critical job skills, which will directly improve our personnel posture and indirectly our training status. I would very much like to be able to report that there is going to be a substantial improvement in our equipment posture; however, there are shortages which plague almost every unit commander in the force structure because there are not enough resources to satisfy all of the requirements. In order to make the distribution of these scarce resources with the most urgent needs being met first, the Department of the Army Master Priority List (DAMPL) is published annually. This listing is based on an analysis of capabilities, threats, missions, and resources. All Army forces, to include Army Reserve Component units, are placed in the sequence by the assignment of priorities which are based on specified wartime missions. This sequencing is dynamic and reacts to unit mission changes. For example, the 355th Medical Detachment in Fort Hamilton, New York has been designated (Deleted) and is now programed to receive this year the medical sets, refrigerators, and associated blood storage equipment required to meet their mission. Thus, equipment is issued based on its availability, the priority assigned each unit by the DAMPL, and that unit's equipment status as reflected in its status report.

Helicopters for New York Units

Senator D'Amato. What plans are there to provide New York units with attack helicopters so they can train for and accomplish their wartime anti-tank mission?

Answer. The Army National Guard (ARNG) is authorized 406 attack helicopters (AH-1S) with a total of nine on-hand. Seven attack helicopters are scheduled for issue to the New York ARNG in the 1st quarter FY 84 from the attack helicopter modernization line.

There are no Army Reserve units in New York that are authorized attack helicopters.

Equipment Replacement

Senator D'Amato. What plans are there for replacing antiquated trucks and tentage in New York units?

General Walker. The aging of the Army's tactical wheeled vehicle fleet worldwide is of growing concern. In FY 82, approximately 19 percent of the total truck inventory will be overage.

The Army does not plan replacement of Reserve Component vehicles by state, but by each unit's position on the Department of the Army Master Priority List (DAMPL). The DAMPL applies to both active and Reserve Components, and actual distribution of vehicles is based on the criticality of the unit and its role in support of the Total Army without regard to its status as active or Reserve Component. Therefore, replacement of vehicles in New York units will occur based on the DAMPL positions of those units and the availability of vehicles for distribution.

Tentage is a stock fund item managed by the Defense Logistics Agency. The replacement of tentage is primarily limited to the availability of stock fund money. Tentage, while a critical item, must compete with other stock fund shortages in the Reserve Components.

Equipment Shortages

Senator D'Amato. What plans are there for eliminating shortages in tactical trucks and tentage in Guard and Reserve units in New York?

General Walker. Vehicle distribution is made in accordance with the Department of Army Master Priority List (DAMPL) in effect at time of receipt of the materiel. Actual distribution is made to the highest priority claimant at time of delivery of wheeled vehicles.

Reserve Component units, to include those located in New York, are provided equipment in accordance with their DAMPL priority, which equates to the units' relative positions on the deployment schedule.

Reserve Component roundout units are assigned the same priority as their active component sponsor, thereby assuring vehicles will be available for early deployment. The balance of the Reserve Components are also assigned priorities and issued trucks in line with their criticality in the planning of national defense.

Tentage is a stock fund item. Reserve Components have their own funds to procure stock fund items, but limited fund availability means tentage must compete with other stock fund shortage items.

Skill Qualification Test

Senator D'Amato. Has the Skill Qualification Test Program been fully implemented yet:

a. In the Active Army?
b. In the Army National Guard?
c. In the US Army Reserve?

Mr. Clark. SQT's have now been fielded for approximately 75% of soldiers in the Active Army, National Guard and US Army Reserve. There is some slight variation across the components due to MOS composition and force structure differences. The majority of MOSs for which there is not now an SQT are those with a low population density - making it uneconomical to develop a full fledged test. The Army plans to test these personnel with a common task SQT fielded in FY 82.

Skill Qualification Test

Senator D'Amato. What problems have you found in applying the Skill Qualification Test Program to Reserve personnel?

Mr. Clark. Resource constraints, namely the lack of sufficient time and personnel to administer the SQT's, constitute the chief problem in applying the SQT program to the Reserve Components. This problem is exacerbated by the wide geographic dispersion of most RC units which limits their accessibility to formal, hands-on testing. A second problem is the added process and cost of ensuring that SQT's developed primarily for Active Army units are tailored to the different equipment frequently found in RC units.

Skill Qualification Test

Senator D'Amato. What percent of personnel taking the SQT in their MOS achieved a score qualifying them for promotion during CY '80:

a. In the Active Army?
b. In the Reserve Components?
c. In the New York Guard and Reserve Units?

Mr. Clark.

Active Army - 61% of those tested.
USAR - 28% of those tested.
ARNG - ARNG uses SQT only as a training diagnostic and not for promotion.
New York Guard and Reserve Units - No data available at this time.

Skill Qualification Test

Senator D'Amato. What is being done to improve the SQT system, especially as it applies to the Reserve Components?

Mr. Clark. In January 1980, the Army adopted a package of changes to improve the SQT program for all components. Simply stated, those changes were designed to improve the quality of tests, make SQT's more job oriented, involve the supervisor or Noncommissioned Officer in the evaluation, increase the flexibility of the system, and speed up the feedback of results. Most of these changes have been implemented and will begin having positive impact on the RC SQT program over the next year. In addition, there is a continuous effort to streamline the SQT program and overcome the administrative factors which limit the system's effectiveness in the RC. One such effort includes the conduct of workshops which have trained 3400 Reserve Component SQT managers over the past one and a half years.

Changes to New York Units

Senator D'Amato. Are there plans to make any major changes to the Reserve Components in New York?

Answer. Several force structure changes are planned in the FY 81-82 troop structure program. These changes result in an increase to New York Reserve Component structure strength of 134. These are listed below:

Army National Guard

EFFECTIVE DATE	UNIT	TYPE ADJUSTMENT	SPACE CHANGES
FY 82	NBC Defense Co	Conversion	+102
FY 82	102d MP Bn, HHD	Conversion	+15
FY 82	133rd CS Co (Fwd DS)	Conversion	+23

U.S. Army Reserve

FY 82	FA CM Det Decom Team	Activation	+21
FY 82	MD Det Blood Distribution	Activation	+8
FY 82	136 Field Service Co	Conversion	+6
FY 82	140 Field Service Co	Conversion	-62
FY 82	237 Maintenance Co	Conversion	+21
Total Changes			+134

Fort Drum Status

Senator D'Amato: What are your plans for Fort Drum?

Mr. Clark: The Army's near-term plans for Fort Drum are to complete the stationing of an engineer battalion at that installation by the end of 1983. One company has already moved to Fort Drum. A battalion headquarters and additional engineer companies will be relocated as family housing and required troop facilities contained in the FY82 budget request are completed. Fort Drum's mission of training support to active and reserve components will continue.

ELECTRONIC WARFARE EQUIPMENT

Senator D'Amato: There is a problem with old electronic warfare equipment in the Reserve and the Guard. What actions are you taking to solve the problem?

Answer: All of our reserve component units requiring electronic warfare equipment are in the USAR. The electronic warfare equipment on hand in the USAR is indeed old and in limited quantities. The Army's acquisition objectives for electronic warfare modernization systems include sufficient quantities to fully meet all USAR requirements. However, we project that it will be several years before procurement funding and production schedules enable delivery of new systems to the USAR.

In the interim we have several initiatives to alleviate this problem. For example, we are considering the reconditioning of older, serviceable equipment being replaced in the active component and issuing it to USAR units. We are also looking at relatively inexpensive off-shelf electronics equipment which can provide a limited operational capability and will be extremely useful for training purposes in USAR electronic warfare units.

Armed Forces Qualification Test (AFQT)

Senator D'Amato. Former Secretary of the Army, Clifford L. Alexander, directed that AFQT scores be deleted from personnel files in the field, preventing commanders from learning who their category IV's are. Has this decision been reversed? If not, why not?

Mr. Clark. The decision has not been reversed. The Army removed the Armed Forces Qualification Test (AFQT) score from the soldiers' military personnel records jacket maintained by units because it is not needed for management purposes in the field. All test scores, including the AFQT and aptitude area scores are still maintained in the Army's central files for preparing reports required by the Office of the Secretary of Defense and by Congress. There is no impact on the field because of the removal of the AFQT scores. Aptitude area scores have been retained in the field military personnel jacket for use by commanders in determining whether an individual has the aptitude for a specific type of training or schooling and for other personnel management actions.

Norming of Test

Senator D'Amato. On page three of LTG Yerk's prepared remarks, he mentions "new norming" of the AFQT portion of the ASVAB. What effect has this new norming had on categorization of new accessions? Are those who would formerly have been included in Testing Category IV still included in that category?

General Yerks. Great efforts were made by DOD to ensure that the new test implemented last October is accurately calibrated. The new test properly identifies accessions by category based upon scores achieved on the test. Only applicants who score within the category IV range, based upon the new test, are included in that group.

Category IV Personnel Impact

Senator D'Amato: What impact has the large percentage of Category IV personnel had on:

a. Cost of revising training materials so marginally literate personnel can use them?

b. Cost of simplifying equipment design so less capable personnel can be trained to adequately maintain it?

c. The Army's ability to sustain a high degree of combat readiness in both training and equipment maintenance?

Mr. Clark: Training literature costs attributable directly to changing reading skills cannot be identified. The material is not revised simply to adjust to changing skills.

The cost of simplifying equipment design to accommodate training of CAT IV personnel is also undetermined. The Army has initiated studies to review the soldier/machine interface and develop data describing human capabilities, system performance, and combat effectiveness. On 1 October 1980, the Army began a study, with the objective of measuring the components of system performance (human capability, time to train, job difficulty) and predicting unit effectiveness. Results are expected in October 1982. A second study will assess the impact of complexity of new materiel on research and development, time, training, manpower, maintenance requirements, potential for optimizing design, and ultimately on combat effectiveness.

We know we want an improved Army, one which is better able to train, maintain, and fight. To do this, we must recruit more high-scoring high school diploma graduates from all walks of American life.

AFQT TEST SCORES

Senator D'Amato. In CY 80, what percent of high school graduate accessions taking the ASVAB achieved AFQT scores placing them in:

a. Testing Category IV?
b. Testing Category III?
c. Testing Category II?
d. Testing Category I?

Mr. Clark. Based on reported results, the percentage of High School Diploma Graduates by that Test Category of Calendar Year 1980 are:

a. IV - 22.7
b. III - 55.9
c. II - 18.3
d. I - 3.1

Unit Cohesion

Senator D'Amato. Are the current "up-or-out" officer promotion system, the current officer education system, and the current officer assignment system supportive of General Meyer's goal of enhancing unit combat effectiveness through an emphasis on unit cohesion?
General Yerks. Yes. Basically all three of the personnel systems mentioned are supportive of the unit cohesion initiative. Last year we reviewed these systems as well as some others in the context of their impact on unit cohesion and as a result, we made only minor changes to stress our goal of keeping properly qualified soldiers of the right grade working together as a team for a longer period.

Unit Cohesion

Senator D'Amato. If, as General Meyer has suggested, some form of the regimental system is adopted by the Army to end personnel turbulence, enhance unit cohesiveness, minimize disruption of family life through frequent reassignments, and improve training, shouldn't officer personnel be stabilized within the regimentally-based officer education system, and letting the regiments manage their own officers?
General Yerks. The regimental system at this time is still in the concept stage. Consequently, a definitive answer as to the need for change in the officer education and management systems is not really possible. Clearly, as the structure of the regimental concept becomes more defined, we will have to review our various personnel systems to ensure that they support our needs.

SUBCOMMITTEE RECESS

Senator RUDMAN. We will recess until 8 a.m., Monday, the 30th. At that time we are going to hear the Army procurement requests for fiscal year 1982. Thank you very much.

[Whereupon, at 9:15 a.m., Thursday, March 19, the subcommittee was recessed, to reconvene at 8 a.m., Monday, March 30.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1982

THURSDAY, APRIL 23, 1981

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:10 a.m. in room 1223, Everett McKinley Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Andrews, and Rudman.

DEPARTMENT OF DEFENSE

NAVY/MARINE CORPS MANPOWER AND RESERVE FORCES

STATEMENT OF HON. ROBERT J. MURRAY, UNDER SECRETARY OF THE NAVY

ACCOMPANIED BY:

VICE ADM. LANDO W. ZECH, JR., U.S. NAVY, DCNO MANPOWER, PERSONNEL AND TRAINING

REAR ADM. FREDERICK F. PALMER, U.S. NAVY, DIRECTOR OF NAVAL RESERVE

LT. GEN. EDWARD J. BRONARS, U.S. MARINE CORPS, DEPUTY CHIEF OF STAFF FOR MANPOWER

MAJ. GEN. GEORGE B. CRIST, U.S. MARINE CORPS, DEPUTY CHIEF OF STAFF FOR RESERVE AFFAIRS

REAR ADM. RICHARD A. MILLER, U.S. NAVY, DIRECTOR OF BUDGETS AND REPORTS, OFFICE OF THE COMPTROLLER

MANPOWER PROGRAMS

Senator STEVENS. The subcommittee will come to order.

We are here to receive testimony today on the Navy and Marine Corps Manpower Reserve Forces for fiscal year 1982.

The amended fiscal year 1982 budget request for Military personnel, Navy, is $9.3 billion, which is $376 million over appropriations to date for fiscal year 1981.

The amended fiscal year 1982 budget request for Reserve personnel, Navy is $329 million, which is an increase of $10 million over appropriations to date for fiscal year 1981.

The amended fiscal year 1982 budget request for Marine Corps Military Personnel is $2.8 billion, which is an increase of $137 million over appropriations to date for fiscal year 1981.

The amended fiscal year 1982 budget request for Marine Corps Reserve personnel is $138 million, an increase of $27 million over appropriations to date for fiscal year 1981.

It may be necessary to close the hearing today due to classification of materials to be covered. In that event, if the members of the subcommittee or witnesses will indicate their desire to close the hearing, I will set a time for going into closed session. Most likely this would be for a period when a majority of members will be present. If this is the case, those individuals not cleared or having the need to know will be required to leave the room.

WITNESSES' STATEMENTS

Gentlemen, we are pleased to have you with us today. We have your statements; present them in any way you see fit.

[The statements of Secretary Murray, Vice Admiral Zech, Rear Admiral Palmer, Lieutenant General Bronars, and Major General Crist follow:]

PREPARED STATEMENT OF HON. ROBERT J. MURRAY

UNDER SECRETARY OF THE NAVY

Mr. Chairman, Members of the Subcommittee:

It is a pleasure and an honor for me to appear before the Subcommittee today to discuss the manpower, personnel and training portions of the Fiscal Year 1982 Budget submission. With me this morning are Lieutenant General Edward J. Bronars, Deputy Chief of Staff for Manpower, Marine Corps, Vice Admiral Lando Zech, Chief of Naval Personnel and Deputy Chief of Naval Operations for Manpower, Personnel and Training, Major General G. B. Crist, Deputy Chief of Staff for Reserve Affairs, Marine Corps, Radm Admiral F. F. Palmer, Director of the Naval Reserve, and Rear Admiral R. A. Miller, Director, Office of Budget and Reports, U.S. Navy. We have prepared statements and, with your permission, will make summary remarks and then answer any questions you may wish to ask.

Last year during the manpower hearings the Department of the Navy outlined severe problems in recruiting and retention and their resultant negative impact on our ability to properly man our forces. Of more significance were the declining trends that were reported. The witnesses were candid. They told of internal Department of the Navy actions and initiatives that they were planning and taking to dampen the worsening manpower situation. They made one point clear, compensation was so inadequate as to be a major contributor to the problems faced and, without correction of the compensation shortfalls, Navy and Marine Corps actions could not be expected to solve this real detractor in our quest to reach and maintain an acceptable degree of combat readiness.

As a result of actions by the House Armed Services Committee and your colleagues on the Senate Armed Services Committee the trends are finally in the right direction. I'll discuss them in more detail in a moment but first I want to offer, on behalf of the men and women of the Navy and Marine Corps, our sincere thanks for your superlative efforts to improve compensation for military personnel. Major increases in bonus programs, Sea Pay, Submarine Pay, Aviation Career Incentive Pay, Variable Housing Allowance and increased travel allowances are but a few of the positive steps taken to move us in the right direction. Our people are responding.

You know that retention of high quality, trained individuals in the career force is a major concern and a serious problem. How well we are doing, or not doing, in retention is a measure of the health of our force now and for the future. In the Navy, FY-80 first term reenlistment rate was 37.8% against a steady state requirement of 45%. Through the first five months of FY-81, it stands at 44.5%. Second term FY-80 reenlistment rate was 53.3% against a requirement of 60%. Today, through the first five months, it is 59.1%. Third term, particularly important to us, was 91.9% in FY-80 and is at 93.8% through February against a requirement of 95%. Marine Corps enlisted retention is also on the rise. Through the first five months, the first term rate is 26.2%, above last year's 23.9%, and the career rate is 73.3% compared to 53.0% in FY-80. We are optimistic for FY-81.

It is still too early to establish definitive results regarding officer retention but the increases in Sea Pay, Submarine Pay, Nuclear Officer Continuation Bonuses, Aviation Career Incentive Pay and the Aviation Officer Continuation Bonus, for which we have asked your early approval, will have a positive impact.

There are a few cautions that I must offer as we view these gains in enlisted retention. Some of the gains come from personnel who extended their enlistments in the last two quarters of FY-80 to gain the higher Selective Reenlistment Bonuses and the Zone C Bonus that went into effect in the first quarter of FY-81. Some of the compensation improvements did not have an impact in the first quarter. I am speaking of the new structure and rates for Sea Pay and Submarine Pay. They should improve our posture in later quarters of this fiscal year. The 11.7% pay raise put more dollars in individual paychecks and, as a result, had to contribute to the positive trends noted. We should, however, recognize that 11.7% did not result in an increase in purchasing power, to the contrary, it did not keep pace with the CPI. It may be that the glow that comes from a major increase in one's check will not hold up over a long period of time as prices move away from one's ability to pay. In summary, there are pluses and minuses in the retention equation but I believe we can all take heart that we can report improving figures.

We can report a very good year in recruiting. General Bronars and Admiral Zech will speak in detail on this issue. Both services made their goals in both quality and quantity. Navy achieved 100.1% of the enlisted goal in a year that required bringing in over 11,000 more people than they recruited in FY-79. Prior service recruiting was up, a very significant fact as a prior service enlistee represents a trained individual who can make a near-term impact as we attempt to reduce our petty officer shortfall. Navy quality is high, 74.8% high school diploma graduates in FY-80 and over 87% of enlistees eligible for Class "A" school training. The Marine Corps also met its overall goal, bringing in 2000 more people than in FY-79. They increased high school diploma graduates 5 percentage points to 78% in FY-80. Through the first five months of FY-81, both Services are repeating last year's performance.

What portion of this recruiting success is due to the economy and high teenage unemployment? It is impossible to say but they must be contributors to the results we are seeing. Recruiting remains a difficult task, often requiring 70 plus hours per week on the part of our recruiters in the field. As the eligible youth population declines, the job will get tougher. I mention this, not to depreciate the fine results of FY-80 and the first five months of FY-81, but to alert you to the need for continued funding of recruiting programs and initiatives to support our recruiters. The Admiral and General will disucss these needs in a moment.

There is another measure of the health of the force - attrition. I am speaking of those who leave the Service prior to completion of their first enlistment. Navy attrition is down from 10.2% in FY-79 to 9.3% in FY-80 and Marine Corps attrition is similarly improving. Why is this improving? Compensation may be one answer. An individual is more likely to remain with us if he or she is not overcome by financial problems that seem to defy solution. In addition, and very significant in my opinion, is the special attention the Services have been paying to quality of life and discipline. These programs are paying dividends.

Up to this point, I have painted a pleasant picture, one that reflects results from all the efforts of the Congress and the Services. In all candor, I must tell you that we are not yet out of the woods. Last year we reported to you that the Navy had a shortage of about 22,000 petty officers in grades E-4 through E-9. This year the Navy petty officer shortfall is still about 22,000. The inventory of petty officers has increased by 4,200 but the experience level is lower. Requirements have also grown by 3,500, so that our shortfall is essentially the same as last year. Because career retention has been inadequate, experience levels have declined over the past four years. Even if we maintain the high retention figures we have experienced it will take years to replace the force we have lost through years of poor retention. Only time will rebuild the experience base we have lost. We are on the right track. We have built momentum due, in large measure, to the assistance you provided in the 96th Congress. We cannot afford to falter now. Compensation improvements must continue. We must regain lost purchasing power and correct remaining inequities in our system.

We have asked that the Congress authorize and appropriate funds for a 5.3 percent across the board adjustment to military pay for FY 1981. This adjustment is urgently needed to make military pay more competitive with civilian wages. This is also a critical underpinning to our effort to man with the needed skill and experience the expanded Navy force of 600 ships. We must also correct the inadequacies in military travel reimbursements. Within the Department of the Navy, we must continue our efforts to maximize every latitude we have to improve our posture. We will need your help and guidance.

As you know, the Department of the Navy has worked hard over the past few years to develop and implement a total force concept. By total force I mean consideration of active manpower, reserve forces and civilians in an integrated manner with each performing those functions that best contribute to mission accomplishment now and during mobilization. We are achieving some noteworthy success. The integration of civilian manpower into the Service chain of command is complete. The Office of Civilian Personnel, under the Secretary, has been disestablished and a new Assistant Deputy Chief of Naval Operations (Civilian Personnel/Equal Employment Opportunity) performs many of those functions. Policy is now made by a Deputy Assistant Secretary for Civilian Personnel but is executed by those who are charged with getting the work done, the Chief of Naval Operations and the Commandant of the Marine Corps. This is a major step in the right direction.

A major impediment to maximum utilization of civilian personnel still exists. The establishment of end-strength controls for civilians means that we cannot accomplish funded work in the most efficient manner. Much of our work is done by civilians in industrially funded activities (approximately 162,000 of 311,000

civilians). Dollars allocated by Congress to accomplish that work should control how many people we hire to get it done, not a ceiling number that may or may not bear a firm relationship to the work that must be done. The same case could be made for non-industrially funded work as the Authorizing Committees now control the O&MN dollars used to pay the vast majority of our civilian employees. We have asked them again to consider this vital issue for it affords the opportunity for major increases in efficiency and productivity.

We have made major improvements in the administration of our civilian workforce. I mentioned the completed reorganization that is already bearing fruit. I would also like to make short mention of the Department of the Navy implementation of the Civil Service Reform Act of 1978 (CSRA). We are proud of our recognized leadership in this endeavor. Our over 18,000 Merit Pay System employees have been trained and are now working under the new MPS. We have developed and implemented a no-nonsense approach to objective performance evaluation and tied compensation to the performance of important tasks. As we proceed through the first full year of MPS, FY-81, we will learn more and apply those lessons to make the system even stronger.

The other portion of the total force is our Navy and Marine Corps Reserves. The Navy Selected Reserve has stabilized at over 87,000 and we are making these numbers. As funds and recruiting potential dictate, we will move forward to increase this vital force. Marine Corps Selected Reserve is also meeting its goals and is requesting 37,000 for FY-82. The superb integration of the Marine Corps Selected Reserve with their active force is a model effort and has been extremely successful.

While not a separate force in any way, I do wish to make special mention of the integration of women into the Navy and Marine Corps. By the end of FY-81, we will have over 150 women officers serving in designated ships and over 1,500 enlisted women in these noncombatants. The program is on scheudle and is meeting with success. Navy women are proving that, within the limitations prescribed by Section 6015, they are ready, willing and able to accomplish their duties aboard ship in an exemplary manner.

I have touched on only a few of the facets of complex Navy and Marine Corps manpower program. The statements of General Bronars, Admiral Zech, General Crist and Admiral Palmer go into much more detail and we know that there will be continuing discussions throughout the Appropriation process. I want you to know that I believe we have a solid program, know where we are going and what our problems are. We know where we need assistance and will be forthcoming with the members and staff in explaining our difficulties and seeking your help. There is one last matter I would like to discuss.

You have every right to be extremely proud of our Navy and Marine Corps personnel. Long deployments of our Battle Groups and embarked Marines are well known to the members of this Subcommittee. We are extremely short of people and of ships to meet our commitments. When, in an environment of heavy operations, the requirement for extended deployments arises the entire Navy and Marine Corps is affected. Support ships must work a much more arduous schedule to support the combatants. Other ships must deploy on a much more frequent basis to pick up commitments in other areas of the world where we have national obligations and treaty requirements to fulfill. The personnel ashore, many on hard-earned shore duty after many years at sea, must often work extremely long hours under difficult conditions to support those who are going to sea. All of these factors add up to sacrifice. Sacrifice by the men and women who, in a volunteer force, choose to serve their country and their Service. Over this past year, you have helped us to bring the sacrifice they willingly undertake and the rewards for their work into better balance. They have responded. They are, as service men and women have always done, doing their jobs in the best way they know how with an enthusiasm and spirit that is heart-warming. You, with the major improvements of last year, have helped us create an atmosphere where such dedication and performance is possible. Together we can continue to provide the support to these most deserving people. We know that an improved total force and resulting improvements in readiness today and in the future will be the fruits of our labor.

Thank you for providing me with the opportunity to testify this morning.

Biographical Sketch

THE HONORABLE ROBERT J. MURRAY
UNDER SECRETARY OF THE NAVY

Robert Murray was nominated for appointment as Under Secretary of the Navy by the President on January 17, 1980, was approved by the Senate on February 6, 1980, and took the oath of office on February 15, 1980.

Mr. Murray served as Deputy Assistant Secretary of Defense for International Affairs from March, 1978 to February 1980, with responsibility for Defense policy and programs in the Middle East, Africa and South Asia. He has had prior service in the international area, having served on the staff of the Assistant Secretary of Defense from 1962 to 1965 and from 1966 to 1969, as program director and as member of the policy planning staff.

He was Deputy Assistant Secretary of Defense for Manpower and Reserve Affairs from 1975 to 1976.

Mr. Murray was Assistant to the Secretary of Defense, from 1973 to 1975, under Elliot L. Richardson and James Schlesinger.

From 1969 to 1972, Mr. Murray was the Political Military Attache at the American Embassy in London.

He is the recipient of three Distinguished Service Awards and two Meritorious Service Awards. He is a Fellow, National Institute of Public Affairs and Member, International Institute for Strategic Studies, London.

Mr. Murray is a graduate of Suffolk College and Harvard University. His military service was with the U.S. Marine Corps.

He is married to the former Betty Evans. They have two daughters, Susan and Victoria.

PREPARED STATEMENT OF VICE ADMIRAL LANDO W. ZECH, JR.

DEPUTY CHIEF OF NAVAL OPERATIONS

FOR

MANPOWER, PERSONNEL AND TRAINING

AND

CHIEF OF NAVAL PERSONNEL

I. Introduction

I am Vice Admiral Lando W. Zech, Jr., Deputy Chief of Naval Operations for Manpower, Personnel, and Training and the Chief of Naval Personnel. This is my first appearance before this subcommittee. I consider it a privilege to appear and testify in support of the Total Navy Manpower Program as reflected in the FY 1982 Budget. The Total Navy Manpower Program includes active duty U.S. Navy military personnel, civilian employees of the Navy, and the Naval Reserve. My statement addresses the requirements of these elements and discusses the "state of health" of each of them.

Before I proceed in addressing the issues that confront today's Navy, I want to take this opportunity to express my sincere appreciation for the compensation and personnel-related legislation enacted by the 96th Congress. I consider it the most significant compensation improvement in many years and a significant step in correcting Navy's serious personnel problems. The initial response--as measured by recent retention statistics--has been encouraging.

Navy's manpower, personnel and training challenge is to man a growing fleet of the 80's with sufficient numbers of trained and motivated personnel. We face this challenge during a period of increased national commitments, a higher tempo of operations than during the height of our involvement in South East Asia and with the prospect of a declining manpower pool of 18-21 year old males. Our Navy is stretched thin now. Readiness is being degraded because of our serious personnel shortages, particularly mid-grade officers and petty officers. Essential to improving fleet readiness is an improved manpower situation. In an effort to solve this critical Navy problem, the Chief of Naval Operations has again this year placed manpower as his highest priority.

Navy life presents some difficult obstacles to meeting this manpower challenge. In many respects the business of going to sea in peacetime is similar to that in wartime. For the crews of the roughly one-third of our ships who are deployed at any given time there are long periods of family separation, ranging in length up to nine months. For those deployed to the Indian Ocean, port visits have been few, or virtually nonexistent, as in the case of USS EISENHOWER (CVN-69) which was at sea all but five days of her recent deployment. For her crew this meant nine months of twelve to eighteen hour days, seven days a week. For the families left behind there are difficult periods of adjustment and readjustment which take their toll over time.

Our Navy men and women are proud of their important and unique role in providing stability in the world today. They are serving and they are sacrificing. However, underlying the unique and arduous aspects of Navy life is the requirement for adequate compensation. Despite the compensation improvements of last year, more must be done to ensure that we pay our Navy people enough to retain those we need for a career. The careerists and the poten-

tial careerists are the backbone of the Navy. Persistent inflation and repeated pay caps had rendered military compensation increasingly non-competitive with private industry. The 11.7% pay raise--as welcome and necessary as it was--only served to keep military personnel from falling farther behind. While the compensation improvements of last year are surely responsible for our recent improved retention statistics, a major part of this positive response is attributable to the perception that Congress was sending a strong signal that it recognizes the contribution of our service members and intends to compensate them fairly for it. I would urge the 97th Congress to continue the work begun by its predecessor. I think it is extremely important that the momentum be maintained by approving the 5.3% July adjustment requested by the President's budget. We need years of exceptional retention success to fill the serious shortages existing today and to meet the needs for a growing Navy. Adequate pay simply must be provided to our personnel if we are to improve the readiness of our Navy.

II. Total Force Concept

Our objective in planning, programming and budgeting for our Total Force manpower requirements is to obtain the best possible mix of military and civilian personnel to efficiently and effectively accomplish our mission. The result is development of an optimum manpower base to enable our naval forces to meet our national security objectives.

Providing and maintaining a well trained, active naval force in the proper numbers and with the appropriate mix of skills--ready and able to man our ships and aircraft--forms the heart of my responsibilities. Equally important is the requirement to provide a reserve force which forms an adequate base for mobilization in case of emergency. Finally, we plan and program the size of the Navy's civilian workforce to provide a stable support organization for the active force.

When our efforts reach the budget, or execution stage, my responsibilities focus on the coordination and direction of the Navywide personnel management effort, particularly the recruiting, distribution and retention of qualified personnel. Throughout this cycle, we have established procedures to ensure that the concept of an integrated Total Force is maintained.

III. Requirements Determination Programs

We begin our management of the Total Force by a detailed analysis of our manpower requirements. For the operating forces, requirements determination is accomplished by our Ship Manpower Document (SMD) and Squadron Manpower Document (SQMD) programs. We have completed the documentation of requirements for 203 of the 206 active duty aviation squadrons (9,980 officer and 53,707 enlisted billets) and 92% of our ships. All new construction ships will be manned in accordance with the SMD methodology.

The Shore Requirements Standards and Manpower Planning System (SHORSTAMPS) is the largest and most complex of the Navy manpower requirements programs. During FY 1980 we achieved coverage of 22% of the shore establishment, well in excess of our 12% coverage goal. We plan to have 41% covered by the end of FY 1981, 52% by the end of FY 1982, and 70% when the system is fully operational in FY 1987. The remaining 30% of shore population is in headquarters/staff functions, one-of-a-kind activities, or functions such as direct Research and Development. These functions cannot be covered by workload generated staffing standards. Continued funding of the Navywide growth in SHORSTAMPS resources is critical to the program's success.

Mobilization manpower requirements are determined by the Navy Manpower Mobilization System (NAMMOS). This dynamic system displays mobilization workload and the resulting qualitative and

quantitative manpower requirements for a variety of scenarios. NAMMOS requirements determination is compatible with the other Navy manpower systems, particularly the SHORSTAMPS program. In FY 1980, this system addressed the entire 180 days of the mobilization scenario, identifying 283,000 military mobilization requirements for force augmentation and supply and logistics support. During FY 1981 the system will be expanded to fully refine civilian mobilization requirements.

An important aspect of the requirements determination process is the identification of the manpower, personnel, and training requirements for emerging weapons systems. The Hardware/Manpower Integration (HARDMAN) effort is making significant progress in providing the necessary tools to accomplish this goal. HARDMAN development is in its fourth year and is ensuring that manpower and training supportability is given adequate consideration before acquisition decisions are made.

IV. Navy Active Military Manpower

A. Requested Manpower Levels

The amended FY 1982 budget requests an active military end strength of 554,700 personnel which includes 66,222 officers, 483,953 enlisted personnel and 4,525 midshipmen. This equates to an increase of 5,000 over the previous January budget submission and is an increase of 17,244 over the FY 1981 total of 537,456 initially authorized by Congress. The FY 1981 Supplemental requests additional FY 1981 end strength of 3,000 due to improved retention and decreased attrition this year.

The FY 1982 increase is primarily attributable to substantial growth in the active fleet and increased manning of tactical aviation forces. Our active fleet will increase from 468 ships in FY 1981 to 493 in FY 1982. Attack submarines and surface combatants account for a significant portion of the force increase. The full crew for the battleship NEW JERSEY and a pre-commissioning crew for the carrier ORISKANY are included in the FY 1982 manpower authorization request. Also included is manpower to restore Undergraduate Helicopter Pilot training assets, and to increase the pilot training rate in support of manning a 13th air wing. The transfer of four frigates from the active fleet to the Naval Reserve fleet results in an active duty military manpower reduction that offsets some of the manpower increases.

Manpower for strategic warfare forces remains relatively stable between FY 1981 and FY 1982. The additional manpower for two Trident submarines scheduled for commissioning in FY 1982 is offset by the manpower reductions due to the transfer of three former Polaris Fleet Ballistic Missile submarines to the conventional forces.

- ACTIVE MILITARY END STRENGTH

FY 81 Authorized End Strength	Officers	64,811	
	Enlisted	468,120	
	Midshipmen	4,525	
	Total		537,456
FY 81 Supplemental Request	Officers	+ 300	
	Enlisted	+2,700	
	Total		3,000
FY 81 Total Request	Officers	65,111	
	Enlisted	470,820	
	Midshipmen	4,525	
	Total		540,456

FY 82 January Request	Officers	65,894	
	Enlisted	479,281	
	Midshipmen	4,525	
	Total		549,700
FY 82 Amended Request	Officers	+ 328	
	Enlisted	+4,672	
	Total		5,000
FY 82 Total Request	Officers	66,222	
	Enlisted	483,953	
	Midshipmen	4,525	
	Total		554,700

B. Officers

Planned officer strengths for FY 1981 and FY 1982 are 65,111 and 66,222, respectively. End strength in FY 1981 reflects a moderate increase over the FY 1980 strength. Historical end strength trends are displayed in chart 1.

C. Enlisted

1. FY 1981 Adjustment

Decreased enlisted attrition losses, improved retention behavior and the outstanding success experienced thus far in FY 1981 in the Navy veteran recruiting market have led to a FY 1981 supplemental request for an increase of 2,700 enlisted end strength over the FY 1981 Authorization. Additionally, because of increases in Navy veteran petty officer accessions (up to 79% in paygrades E-5 to E-9 for the first quarter FY 1980) Navy is showing growth of 1,900 in enlisted paygrades E-4/E-9 over the FY 1981 Authorization. This growth is attributable to three primary factors: compensation initiatives passed by the 96th Congress, the FY 1981 Selective Reenlistment Bonus Program, and the current state of the economy.

2. FY 1982 Request

In FY 1982 Navy has requested an additional 4,800 enlisted end strength over the January FY 1982 submission. This represents a 24,000 growth over end FY 1980 actual enlisted end strength and a 13,200 growth over the original FY 1981 Authorization. We expect to grow this additional end strength by sustaining a high level of Navy veteran accessions in FY 1982 and through sustaining FY 1981 retention momentum we have experienced thus far.

3. Historical End Strength Trends

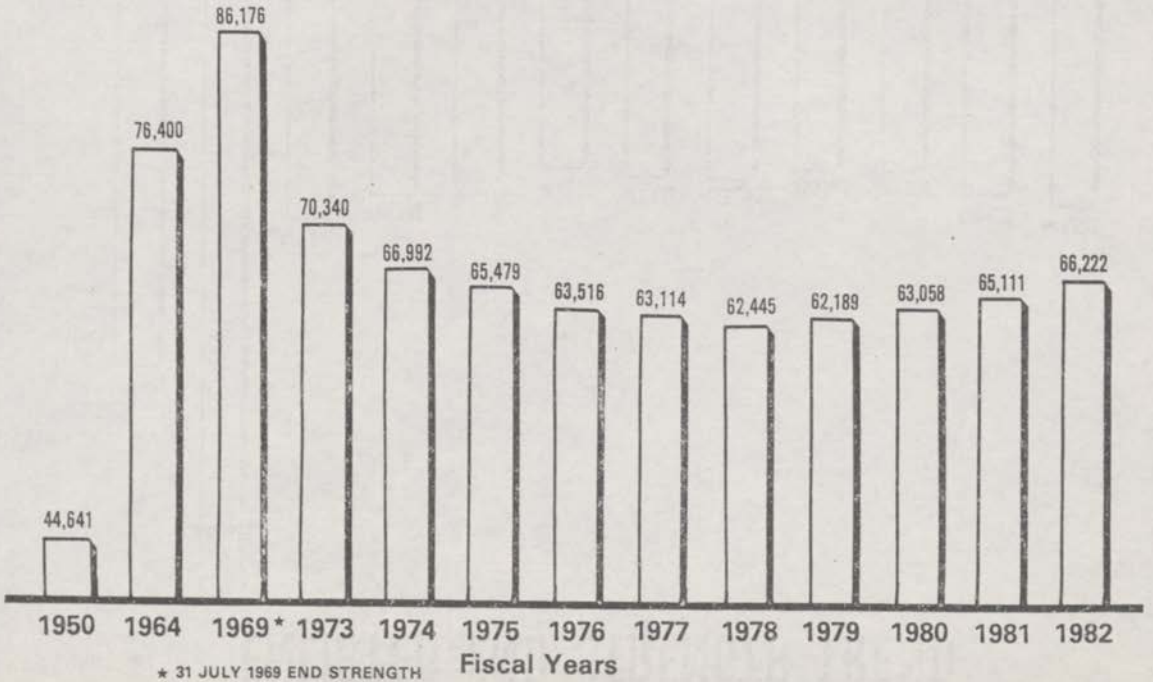
Historical end strength trends are shown on chart 2.

D. Manning Additional Forces

The amended budget requests authority to reactivate the carrier ORISKANY and battleship NEW JERSEY as a means of achieving prompt improvements in our warfighting capability at a reasonable price. Coupled with other requested increases in the shipbuilding program, the clear trend for the future is a growing Navy. There are two key issues related to manning a larger Navy: increasing the number of experienced petty officers, and growing the strength needed to man the additional forces. With a current petty officer shortfall, we start the process of growing from a deficit position. In general terms we will need about 60,000 enlisted personnel above the 470,000 we have on board now to man the ships and aircraft we plan to have in 1986. Within the growth, the demand for experienced petty officers (E5-E9) will increase by approximately 27,000.

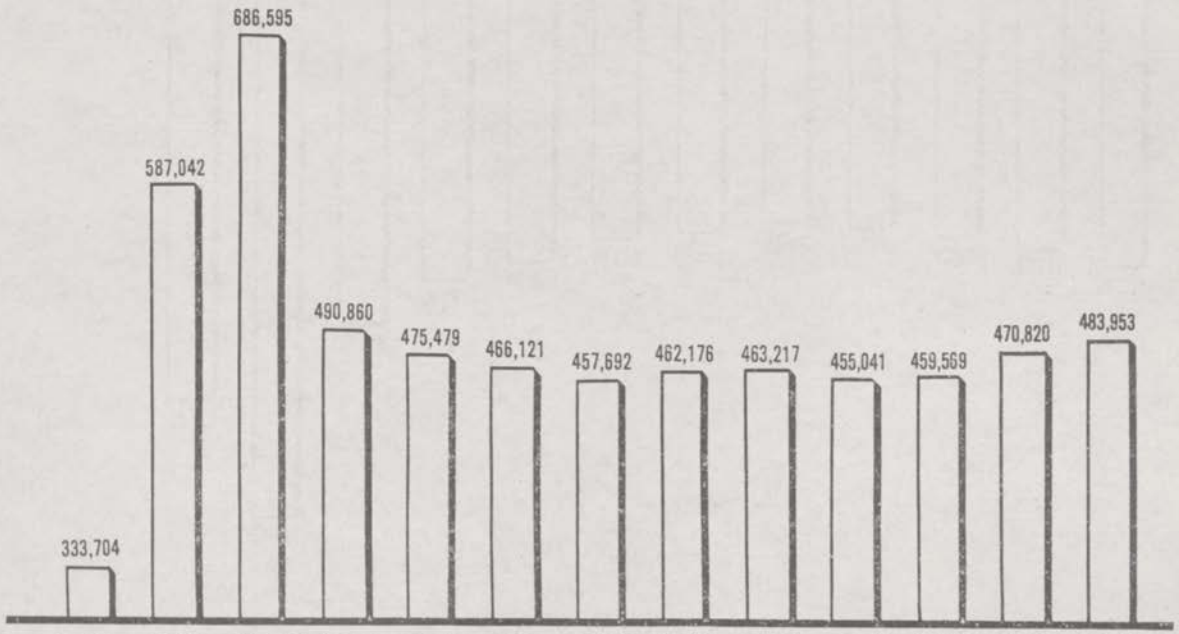
(CHART 1)

NAVY OFFICER STRENGTH



(CHART 2)

ENLISTED END STRENGTH TREND



★ 31 JULY 1969 END STRENGTH

To meet this manpower challenge we must not only improve our retention of experienced personnel as rapidly as possible, but at the same time maintain current recruiting efforts to bring in quality first term personnel. We must also place emphasis on bringing back quality Navy veterans to augment our career petty officer force.

Our past experience with bonus programs, as well as our initial experience with the AVF, convinces us that retaining and recruiting enough people is essentially an economic problem. Given sufficient compensation and recruiting resources, adequate numbers of personnel can be obtained to man a growing Navy. Improving experienced petty officer manning, however, will take time -- five to seven years with good retention results. With improved compensation the resulting improvement in manning will enable us to man our new ships while at the same time making some improvement in the manning of our current forces.

VI. Appropriation, Military Personnel, Navy (MPN) Funding Requirements by Budget Activity

A. General

The FY 1982 MPN request is for an appropriation of $9,340,090,000 in new obligational authority. This is a net increase of $376.1 million from the current FY 1981 funding requirement. The largest single element of the increase is $149.1 million attributable to the manpower increase. The full year impact of the sea and submarine duty pay initiatives make up $43.3 million of the increase. Inflation, equating to $56.2 million of the increase, has been included for enlisted subsistence, permanent change of station travel, and overseas temporary lodging allowance. Details of other cost increases and decreases are provided on page 1-20 of the MPN Budget Request. The following paragraphs provide brief explanations on funding required for selected budget activities. The figures in Chart 3 reflect funds requested for all six budget activities, as well as the percent of each to the total program.

1. Pay and Allowances of Officers

$2,068,549,000 is requested to support planned officer strength in FY 1982. This represents a net increase of about $50.8 million from the FY 1981 level. Details on cost increases and decreases are provided on page 1-21 of the MPN Budget Request. The funds required in this budget activity are based primarily on the monthly strength planning and resultant man years indicated in Chart 4.

2. Pay and Allowances of Enlisted Personnel

Planned enlisted strength will require $5,949,686,000 in FY 1982. This represents a net increase of about $191.6 million over the FY 1981 level. Details on cost increases and decreases are provided on page 1-38 of the MPN Budget Request. In FY 1982, the budget includes funds for an increase in the number of enlistment bonuses and lump sum reenlistment bonus payments.

The funds required in the budget activity are primarily based on the monthly strength planning and resultant man years indicated in Chart 5. Budgeted man years are 1,300 below a "straight line" computation between the end strength of FY 1981 and that of the budget year.

3. Subsistence of Enlisted Personnel

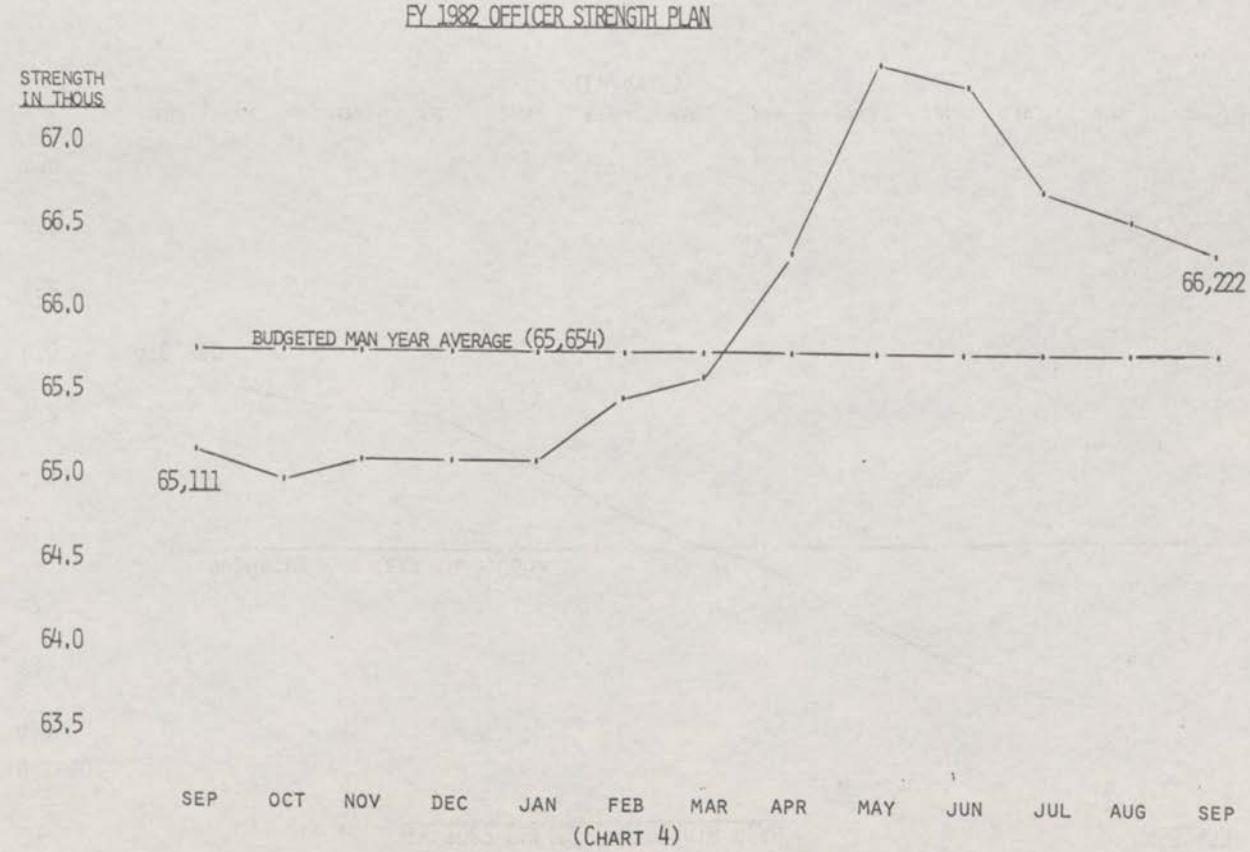
The amount required for Subsistence of Enlisted Personnel in FY 1982 is $620,371,000. The estimated cost to feed an enlisted member in an Enlisted Dining Facility (EDF) has been

MILITARY PERSONNEL, NAVY DOLLARS ($000) BY BUDGET ACTIVITY

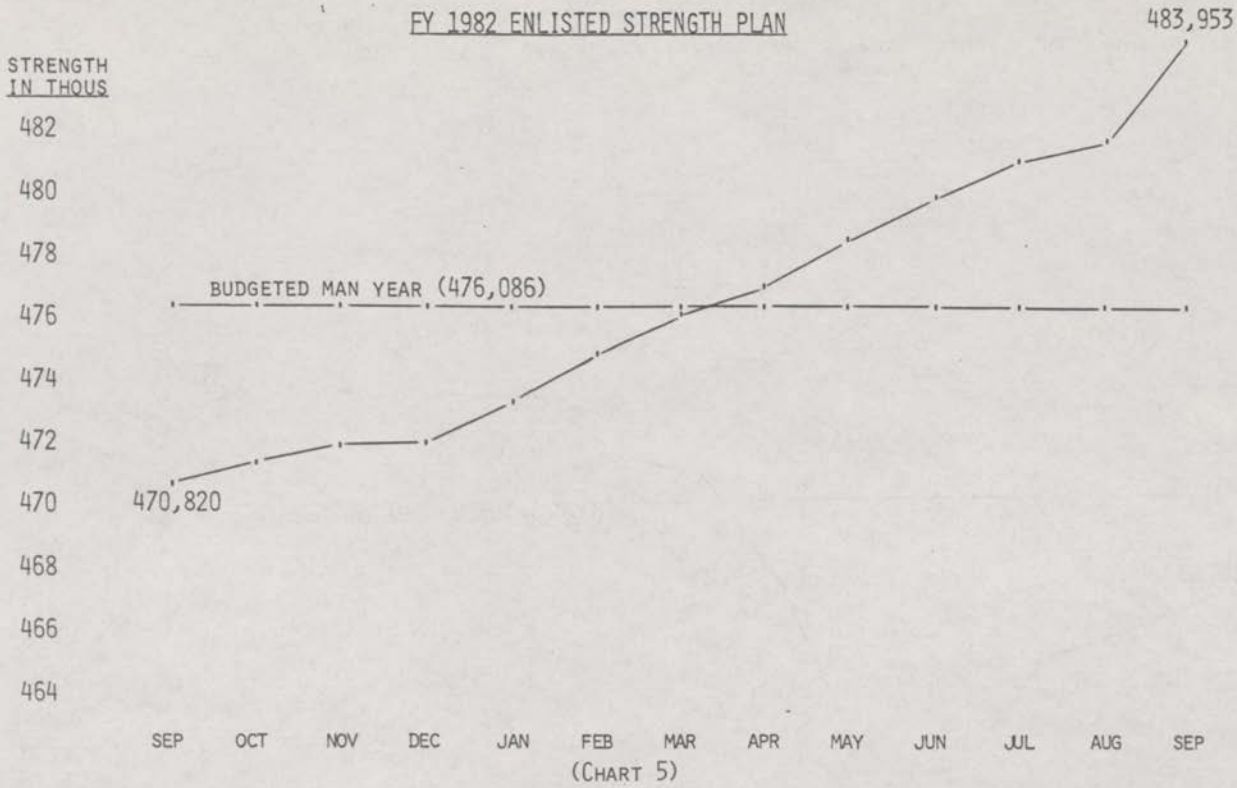
BUDGET ACTIVITY	FY 1981 1/	%	FY 1982 2/	%	FY 81-82
PAY AND ALLOWANCES - OFFICERS	2,017,762	22.5	2,068,549	22.1	+ 50,787
PAY AND ALLOWANCES - ENLISTED	5,758,058	64.3	5,949,686	63.7	+191,628
PAY AND ALLOWANCES - MIDSHIPMEN	28,996	.3	29,593	.3	+ 597
SUBSISTENCE OF ENLISTED PERSONNEL	577,383	6.4	620,371	6.6	+ 42,988
PERMANENT CHANGE OF STATION TRAVEL	576,952	6.4	667,015	7.2	+ 90,063
OTHER MILITARY PERSONNEL COSTS	4,834	.1	4,876	.1	+ 42
TOTAL DIRECT PROGRAM	8,963,985	100%	9,340,090	100%	+376,105
REIMBURSABLES	83,000		84,000		+ 1,000
TOTAL FINANCIAL PROGRAM	9,046,985		9,424,090		+377,105

1/ Includes FY 81 Supplemental Request
2/ Reflects Reagan Amendment

(CHART 3)


FY 1982 OFFICER STRENGTH PLAN
STRENGTH IN THOUS
67.0
66.5
66.0
65.5
65.0
64.5
64.0
63.5
BUDGETED MAN YEAR AVERAGE (65,654)
65,111
66,222
SEP
OCT
NOV
DEC
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP

(CHART 4)


FY 1982 ENLISTED STRENGTH PLAN
483,953
STRENGTH
IN THOUS
482
480
478
476
474
472
470
468
466
464
BUDGETED MAN YEAR (476,086)
470,820
SEP
OCT
NOV
DEC
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP

(CHART 5)

developed on current costs plus an inflation factor of 8.8 percent. In addition to the cost escalator in FY 1982, the program requirements increase as a result of authorizing a cash allowance in lieu of subsistence-in-kind to career enlisted personnel on shore duty and as a result of an approximate 10,100 man year increase between the two fiscal years.

(4) Permanent Change of Station Moves (PCS)

The Navy PCS Program will require $667,015,000 for FY 1982, a net increase of $90,063,000 from the funding level currently planned for FY 1981. The increased funding requirement results from an increase of 18.7% in the average cost per move which includes an increase in entitlements of 18 1/2¢ per mile mileage allowance, and $45 per day for per diem payments. Inflation factors provided by OSD are included in the cost increases. Details are provided on page 1-66 of the MPN Budget Request.

The planned number of moves by travel category, and the percentage relationship of each category to the total FY 1982 program are shown in Chart 6. Accession, separation, training, and organized unit moves are considered mandatory moves required to attain force levels and to provide the training necessary for manning ships and squadrons with qualified personnel.

VII. Personnel Readiness

A. General

Our number one readiness shortcoming continues to be the shortage of skilled personnel. In its most basic form, the essence of this shortfall is the impact it has on the capability of our Navy ships and aircraft to fight and win in a combat environment. Whether for lack of adequate numbers, specific skills, or experience, when a commander is deprived of the manpower resource required, he enters combat at a severe disadvantage

We have observed some adverse trends in our force readiness over the past decade. In the years immediately following Vietnam, eroded material condition accounted for the bulk of readiness degradations. Exceptional steps were taken and this trend was reversed. Today, however, readiness degradation attributable to personnel shortfalls has become the most serious concern.

The impact of personnel shortages on fleet readiness has forced us to resort to personnel management actions analogous to the steps we took to improve the fleet's material condition during the post-Vietnam years. Actions targeted toward enhancing our manning at sea include:

- Extending sea tours for numerous personnel.

- Concentration of critical skills in deploying units.

- Shortening shore tours by 3-6 months for 12 ratings.

- Allowing commanding officers to operationally hold personnel in critical rates who are scheduled for transfer if no relief provided.

- Termination of early release to attend school programs.

- Assignment of all male seamen, firemen and airmen directly to sea from initial training with the exception that a select number will be assigned ashore to critical support billets such as Ship Intermediate Maintenance Activities and other special activities on a controlled basis.

PERMANENT CHANGE OF STATION MOVES AND AVERAGE COSTS BY TRAVEL CATEGORY

	FY 81 ESTIMATE		FY 82 ESTIMATE		DIFFERENCE	
CATEGORY	MOVES	AVERAGE COSTS	MOVES	AVERAGE COSTS	MOVES	AVERAGE COSTS
ACCESSIONS	119,406	$ 918	112,687	$1,022	-6,719	$+104
SEPARATIONS	97,235	909	91,046	1,098	-6,189	+189
TRAINING	26,296	1,455	28,527	1,723	+2,231	+268
UNIT MOVES	11,102	2,816	10,101	2,357	-1,001	-459
OPERATIONAL	48,093	2,146	48,723	2,569	+ 630	+423
ROTATIONAL	39,691	5,250	41,679	6,170	+1,988	+920
TOTAL MOVES	341,823		332,763		-9,060	
COMPOSITE AVERAGE COSTS		$1,688		$2,004		$+316

(CHART 6)

These steps, although necessary in the short term, can, and in many cases do, contribute to, rather than alleviate, our retention problem.

B. Manning Shortfalls

1. Enlisted

In spite of our optimism about reversing declining retention trends, we will not recover quickly from our mid-grade petty officer shortages. Because of the extent of our current deficit we anticipate facing a continuation of the shortages. We need to hasten the recovery pace to enable us to keep pace with our growing requirements while simultaneously improving fleet readiness.

Although quantitatively this shortage has existed for several years, its impact has become acute in recent years as the balance of experience in the force has shifted. Essentially, we have a much more junior and less experienced force today than we did in 1976 when we had similar numeric shortages.

For example, the average experience level of our top-5 enlisted force (paygrade E-5 to E-9) has declined from 12.1 years in 1976 to 11.2 years in 1980. This decline equates to a loss of ten percent of the 1976 experience base. The table below displays the shift in the population of the careerist force from FY 1974 to FY 1980. While the total careerist force has remained relatively constant, the senior careerist force has declined precipitously.

Enlisted Career Force Experience Decline

	FY 1974	FY 1980	Δ
Total Careerist (Length of Service 5-31)	193.8K	193.1K	-.7K
Junior Careerist (Length of Service 5-10)	82.8K	105.4K	+22.6K
Senior Careerist (Length of Service 11-31)	111.0K	87.7K	-23.3K

I am particularly concerned about our continued shortages in electronics, propulsion, and nuclear-trained ratings. Despite adequate overall quantitative manning, these shortages of technical and supervisory skills impair the capability for sustained operations and impact adversely on day to day fleet readiness. In addition, the nature of the petty officer shortfall has had a serious impact on the Navy's ability to train in schools and on the job. Combined with the increasing need for technological knowledge, the limitations such shortfalls impose on our training today could exact a high cost on the quality of tomorrow's critical petty officers.

2. Officer

While requirement shortfalls within the officer corps have not, as yet, had a major impact on fleet readiness, shortages do exist. The URL mid-grade (O-3 through O-5) officer shortage we are now experiencing is approximately 3,000 officers, a 13% shortfall to billets authorized. Acute shortages in the nuclear submarine community have mandated difficult management actions with disturbing long term implications. For example, we have a deficit of over 1,000 officers at experience levels corresponding to commanding officer and below. This requires most nuclear submarine officers to spend 15 of their first 18 years at sea. Currently, about 85% of this group are serving at sea.

Although not as severe, many of the same problems exist in the aviation community. We are 25%, or about 2,500 officers, short of filling all the authorized pilot billets for commanders and below. With the anticipated expansion of commercal

aviation hiring late in CY 1981 and a further increase projected during 1982-1985, we must take action now. I consider it essential that we begin payment of the Aviation Continuation Bonus as soon as possible. A recent survey indicated that over 40% of the aviators with resignations currently pending would withdraw their resignation if the bonus were paid. These aviators represent a training investment in excess of $50M - a figure in excess of the cost of the Aviation Continuation Bonus for an entire year. Our studies project that our aviator inventory will increase by about 900 officers by the end of FY 1982 as a result of the bonus. This equates to a net savings (training investment minus the cost of the bonus) of in excess of $500M in aviator assets through FY 1982.

3. Defense Officer Personnel Management Act

By its passage of the Defense Officer Personnel Management Act, the 96th Congress enacted an immensely significant piece of personnel management legislation. The bill was the result of many years of coordinated effort by the services and Congress. It provides a standardized framework for the appointment, promotion, separation and retirement for our officer corps - a management tool previously lacking lacking.

During a careful review of the legislation following enactment, we and the other services have discovered several provisions which will impact adversely on our ability to smoothly transition to the new law which becomes effective September 15, 1981. I anticipate that a joint legislation package containing these proposed corrections will be forwarded to the Congress in the near future. Your support for rapid action on this proposal is solicited.

C. Recruiting

1. General

Recruiting for the All Volunteer Force will continue to be a difficult and demanding task. Competition for competent, motivated and trainable personnel remains keen and will intensify as the pool of enlistment age young men decreases in the eighties. It is with an appreciation for the dedication and hard work of our Navy recruiters that I report that for the first time since FY 1976, Navy attained its enlisted recruiting goal in FY 1980. I attribute this success to a combination of factors, including: the outstanding performance of our recruiting force; an increase in recruiting assets; the revised recruiting policy implemented in the fall of 1979 which resulted in increased recruiter production; the prospect of increased compensation; and the depressed economic conditions prevailing during 1980.

I am cautiously optimistic that we can sustain this momentum and achieve our accession goal for FY 1981, which will require about 7,000 more accessions than in FY 1980. It is important to note that the requested increases in FY 1981 enlisted end strength contained in the FY 1981 Budget Supplemental are attributable to improved retention and decreased attrition and do not involve an increase in FY 1981 accession goals. However, if economic conditions improve and civilian opportunities expand, we once again will be put at a recruiting disadvantage. Moreover, I am also concerned that the steadily increasing costs for applicant travel, vehicles, fuel and advertising, which are escalating at a far greater rate than budgeted inflation, will constrain our recruiting program. In summary, I see no easy answer to the recruiting challenge. To attract the future sailor-techincians our Navy of the eighties will require mandates that we be competitive with civilian industry. In our society, being competitive means that we must offer a compensation package sufficiently attractive to ensure that we get our fair share of the manpower pool.

2. Enlisted Recruiting

In FY 1980, Navy attained its enlisted goal of 99,299 with an accession total of 99,351 recruits for 100.1%. This is an increase of 11,006 accessions (12.5%) over FY 1979. Included in this increase were 9,314 more upper mental group personnel, 4,144 more high school diploma graduates, and 2,909 more prior service personnel than in FY 1979. The increase in prior service personnel is particularly encouraging, as this group is potentially a source of experience that can be applied directly against our petty officer shortage.

Another plus for enlisted recruiting has been the success resulting from our major policy change in October 1979, when we streamlined our system and selected a policy which ensured that at least 74% of accessions were in Mental Group III Upper or above. Because of the misnormed ASVAB, we found that the 74% Mental Groups I through III Upper was actually 59%. Therefore, for FY-81 we raised the standard somewhat to 60% Mental Groups III Upper or above. We also have the policy that no more than 13% of our accessions can be in Mental Group IV. This compares to 18% Mental Groups IV's in FY-80. This policy provides greater management flexibility in a changing recruiting market. This flexibility permits us to maintain our quality standards, increase our accessions and better match recruits to requirements.

Chart 7 on the following page summarizes our recruiting performance in terms of quality and quantity from FY 1973 through the present.

3. Officer Recruiting

Officer recruiting improved markedly in FY 1980 with an increase of 523 officer accessions over FY 1979. With more emphasis focused on officer recruiting than in previous years, coupled with a lagging economy, Navy achieved 90% (3,789 of 4,233) of its officer goals in 1980. However, our degree of success varied widely among specific programs, as can be seen in the following table.

MAJOR OFFICER PROGRAM ATTAINMENT

FY 1980

PROGRAM	GOAL	ATTN	PERCENT
Nuclear Propulsion Officer Candidate (NUPOC)	263	115	44
Nuclear Power Instructor	61	19	31
Civil Engineer Corps	82	65	79
Aviation Officer Candidate	245	238	97
Naval Flight Officer Candidate	410	419	102
Surface Warfare Officer	1022	926	91
Supply Officer	363	327	90
Women Officer (1105)	390	408	105
Physicians	234	180	77
Nurses	286	286	100

TOTAL OFFICER PROGRAM GOALS/ATTAINMENT

Officer Candidate School	2203	1906	87
Aviation Officer Candidate School	1071	1058	99
Direct Appointments	959	825	86

Recruitment of highly technical officer designators continued to fall short of goals. Engineering, math and physics majors were in great demand throughout the job market, as evi-

(CHART 7)

ONE NAVY ENLISTED RECRUITING
QUANTITATIVE RESULTS

	FY 73(1)	FY 74(2)	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80(3)	FY 81(2nd Qtr)
GOAL	138,522	106,028	112,130	103,325	116,314	94,735	93,390	99,299	47,363
ATTAINED	126,374	101,907	113,027	103,587	111,557	89,009	88,345	99,351	48,037
PERCENT ATTAINED	91.2	96.1	100.8	100.3	95.9	94.0	94.6	100.1	101.4

QUALITATIVE RESULTS

HSG (4)	69.2%	66.6%	74.8%	84.1%	79.6%	83.3%	84.0%	83.6%	86.0%
HSDG (5)	NA	61.5%	70.4%	76.5%	72.6%	77.1%	77.4%	74.8%	73.7%
SE (6)	76.2%	81.5%	82.4%	88.0%	83.2%	87.4%	86.5%	87.3%	88.2%

NOTES:

(1) Goal and attained figures include non-prior service and prior service USN males and female only. In April 1973 Navy assumed recruiting responsibility for all active duty enlisted programs, Reserve as well as Regular Navy.

(2) FY 1974 was the first full Fiscal Year without a draft.

(3) Revised recruiting policy implemented. Non-prior service male accessions to be 74% Mental Groups I, II, and IIIU vice 76% HSDG, and 83% school eligible for FY 1979.

(4) High School Graduates (HSG) include diploma graduates (HSDG) and those personnel who validated a high school education as a result of testing or have completed an accredited home study high school course.

(5) FY 1974 HSDG percentage is based solely on USN non-prior service active duty male accessions. Subsequent years are based on all non-prior service active duty accessions.

(6) School eligible. An enlistee who has attained one of the following: an ASVAB AFQT score of 38 or greater; or an ASVAB 5/6/7 WK + AR score of 97 or greater or ASVAB 8/9/10 VE + AR score of 97 or greater; or qualifies for and is enlisted in a program that guarantees "A" school by ASVAB qualifications with or without a score waiver.

denced by the fact that civilian sector salaries for engineers increased approximately 50% between 1979 and 1980. This dramatic increase had its greatest affect on our Nuclear Propulsion Officer Candidate (NUPOC) recruiting program in which we accessed only 115 candidates versus a goal of 263. The NUPOC program is Navy's highest priority officer recruiting program and has received increased emphasis in the form of reprogrammed advertising dollars and dedication of recruiter assets. The prognosis for FY 1981 and the immediate outyears is still not good. An increase in the accession bonus for nuclear submarine candidates, along with the implementation of a college program directed at recruitment of undergraduate students, should help alleviate some of the current problems.

The Nuclear Power Instructor program requires an individual with essentially the same credentials as the NUPOC, but provides no Navy career path or off-setting monetary advantage during the four year contract period. As a result this most difficult to "sell" program accessed only 31% of goal.

We improved markedly in recruiting officers for the Civil Engineer Corps (CEC) in FY 1980 with 39 more individuals recruited than in FY 1979. We expect to attain our goal in FY 1981.

Physician accessions again fell short of goals in FY 1980. Civilian licensed physicians, particularly specialists, do not generally view military service as monetarily rewarding despite the spiraling costs for establishment of a private practice. The Armed Forces Health Professions Scholarship program should provide relief in the outyears.

Minority officer accession goals also were not met in FY 1980. For example, we accessed only 156 of our goal of 211 for blacks and 55 of our 75 goal for hispanics. The competition is especially keen in the highly technical, engineering-oriented fields such as Submarine, Aviation, and CEC. Increased recruiting emphasis has been applied toward meeting our minority objectives in FY 1981, but meeting these objectives will be difficult.

In addition to the programs mentioned above, we are concerned over possible FY 1981 shortfalls in the Aviation Officer Candidate and Naval Flight Officer Candidate programs. Significant goal increases in these programs coupled with increased emphasis on NUPOC recruiting resulted in projected mid-year student shortfalls at the Naval Aviation Schools Command. These shortfalls may be difficult to make up at end-year due to class loading limitations.

Overall officer recruiting has shown steady improvement since FY 1976. This trend is expected to continue. The improvement in pay and benefits enacted during the past year should favorably influence officer recruiting.

D. Retention

1. General

Retention of our mid-grade petty officers and line officers continues to be our most serious personnel problem. I would like to briefly outline the impact that unsatisfactory retention rates, particularly of those personnel in their first or second enlistment, have on areas such as training, recruiting and readiness.

When we lose a petty officer first class (paygrade E-6), we lose approximately 11 years of training and experience which cannot be immediately replaced. Other than convincing a Navy veteran with equivalent background to return to active duty,

an alternative which we vigorously pursue, the replacement must be grown from our inventory. Since only a small percentage of recruits will continue on to become an E-6, this leads to additional accessions at the recruit entry level. The need for increased accessions then must be met by additional recruiters. We have learned from experience that successful recruiting requires assigning our highest quality petty officers and officers to the task. This results in a reduction of quality personnel available to fleet units. In a similar manner, additional money and manpower must be directed to providing basic and specialized training for the increased number of recruits. This serves as another drain on an already stretched thin resource. Ultimately we approach the situation where our shortages beget new shortages which cannot help but show up as a serious readiness degradation. Improved retention is the only solution to breaking out of this debilitating spiral.

2. Enlisted Retention

Our success in enlisted retention for FY 1980 varied by term of service. The first term reenlistment rate was 36.7%, down from 37.5% in FY 1979. Second term reenlistment rate showed a modest rise from 45.3% in FY 1979 to 50.5% in FY 1980. With respect to those third term and beyond personnel, the retention rate rose slightly from 91.4% to 91.6% in FY 1980.

Although I am encouraged by the upturn in second term rates, our actual number of reenlistments was still about 3,000 below our goal of 14,500. I attribute the second term increase to fleet expectations of compensation improvements and the general slowdown in economic conditions. As can be seen below, in FY 1980 we were still a long way from reaching the first and second term rate required to adequately man the fleet.

	FY-77	FY-78	FY-79	FY-80	Steady State Required
First Term	36.9%	40.3%	37.5%	36.7%	45.0%
Second Term	53.4%	47.3%	45.3%	50.5%	60.0%
Third Term & Beyond	93.0%	92.0%	91.4%	91.6%	95.0%

In addition to our concern with overall reenlistment rates, there are severe retention problems in specific skill areas. For example, at the first reenlistment point we have attained less than 75% of our retention goal in 41 of 85 ratings and at the second reenlistment point we were deficient in 38 of these ratings. It is with guarded optimism that I report increases in our retention rates thus far in FY 1981. Our cumulative rates for FY 1981 are running solidly ahead of previous years. However, these rates are inflated to a degree by a large number of personnel who waited until FY 1981 to reenlist in order to take advantage of the compensation increases effective October 1, 1980.

	Oct - Feb FY 81	vs Oct - Feb FY 80
First Term	44.5%	37.8%
Second Term	59.1%	53.3%
Third Term	93.6%	91.9%

There is little doubt that the major factor in our increased reenlistments is the immediate positive response to the compensation improvements of 1980. Even discounting the delayed reenlistments, the statistics represent at least a temporary arresting of our petty officer exodus. I stress the term "temporary" because it will be several months before we can fully evaluate the longer term trend.

3. Officer Retention

Poor retention of mid-level officers in key communities continues to be a serious problem. Ideally, we need to retain 60% of our Unrestricted Line officers. As evidenced by the table below we are retaining far less in the primary warfare communities.

	FY-78	FY-79	FY-80	Required
Surface Warfare	38%	31%	39%	60%
Pilot	46%	31%	30%	60%
Nuclear Submarine	38%	42%	36%	60%

Our retention rates essentially represent the continuation rate at a point which has historically been the initial career decision point. Also of grave concern has been the increase in officer resignation activity from the seventh through the eleventh years of service, a group who previously could be counted on for a career. Based upon the latest retention data, approximately 50% of the officers remaining at the seventh year of service leave the Navy by the end of the eleventh year of service. These officers are our ship and squadron department heads. I am optimistic that the recently enacted legislation providing Sea Pay for officers, increased Submarine Duty Career Pay, and increased Aviation Career Incentive Pay supplemented by the new Aviation Continuation bonus will reverse these trends.

Our nuclear submarine and aviation communities have been hardest hit by low retention. As mentioned previously, because of the declining community size, nuclear submariners spend an inordinate number of years at sea. That is a grim picture for a young officer with a family who is contemplating a career in the submarine service. Not surprisingly, our officer resignation surveys have labeled "family separation" as the primary reason for resignation among this group of officers.

Pilot retention has declined steadily from a high of 62% in FY 1977 to 30% in FY 1980. Here compensation issues rank as the primary reason for the exodus of this exceptionally expensive resource with "family separation" in second place.

Although it is encouraging to report that Surface Warfare officer retention rates increased last year, we are still experiencing a shortage of officers in this community. Until this shortfall is eliminated, we have potential for the inordinate sea duty/decreased retention situation that we have experienced with the submariners.

E. Attrition/Desertion Trends

For the third consecutive year, first term attrition continued to decline from 10.2% in FY 1979 to 9.3% in FY 1980. This improvement represented about 2,400 more individuals on active duty; this is not only a current manning asset, but also a step toward easing future recruiting demands.

The desertion rate also declined in FY 1980 for the third consecutive year, but we believe that the rate of 27 incidents per 1,000 enlisted is still unacceptably high. In FY 1980 there was an eleven percent improvement over FY 1979 and a thirteen percent improvement over FY 1978, which is an indi- cation that recent efforts to correct the desertion problem are starting to take effect.

F. Legislation

In 1980, the Congress enacted over two dozen important improvements in the military compensation system. These measures

provided the most significant structural improvements in military compensation in several decades and were a major first step toward correcting a retention situation which had reached crisis proportions.

These improvements are appreciated and should somewhat ease the financial hardships suffered by our service personnel and their families. Although it is too early to tell what the total effect of these improvements will be, we have begun to see higher retention and better morale throughout the fleet. I hasten to add, however, that significant improvements in military compensation are still necessary if we expect to achieve long term relief from our manning problems. I believe it is absolutely essential that the momentum of these compensation initiatives be maintained.

1. Military Pay

Despite the advances of last year, military pay is still not competitive with private sector wages. The 1980 advances were primarily directed toward rectifying documented shortcomings in specific elements of the pay system. They did not overcome the serious deterioration which has occurred since inception of the AVF in the central core of our system --- that of basic pay which is the only element all military members receive. While the 11.7% pay raise was significant, it was only a first step toward restoring military pay to competitive levels. If we are to recruit and retain sufficient personnel to overcome our shortfalls, we must regain a competitive position in the marketplace. Unlike the civilian sector, we do not find people standing in line to apply for a job in the military. Recruitment of adequate numbers and quality is a tooth and nail effort. Likewise we continue to lose experienced career personnel who find that the job market on the outside is more monetarily attractive. To regain this position, a substantial real pay raise is required to restore military pay to the competitive level envisioned at the inception of the AVF. A necessary element in this restoral is the 5.3% adjustment requested by the President's budget for July of this year. Additionally, some of our special pays, which are designed as an incentive to serve in unusually difficult and hazardous occupations, have not been adjusted in 25 years and should be returned to meaningful levels. For example, a Chief Petty Officer involved in explosive ordnance disposal receives only an additional $55 per month, the same amount paid in 1955.

Once competitive compensation is attained, it must be sustained so that the downward spiral of eroding pay and falling retention does not begin anew. Even with improved compensation, it will be several years before we restore the health of our manpower; we cannot afford to let the situation occur again wherein we have a mass exodus of personnel who leave the service for better paying jobs.

2. G. I. Bill Extension

Under current law, all entitlement to use the Vietnam Era G. I. Bill will terminate on December 31, 1989. This provision is having an increasingly negative affect on retention --- one that will reach its peak in the mid 1980's as service members leave active duty to use their full benefits prior to the 1989 termination date. In fact, 41 percent of third term personnel recently leaving the Navy rank "to keep from losing my G. I. Bill benefits" as one of the most important factors in their separation decision. The expiration date is not only costly to the service in terms of the lost knowledge and experience possessed by those who separate early, but it unduly penalizes those who choose to serve their country in a military career and will, therefore, be deprived of their earned entitlements. I urge your support for initiatives to extend this termination date. With the Veterans

Educational Assistance Program (VEAP) scheduled to terminate at the end of this year, the ability to offer educational benefits in return for military service will disappear. Although we are meeting our current recruiting goals, I am concerned regarding the quantity and quality of future recruits, particularly in light of a declining manpower pool. It is from this perspective that I consider a new Education Assistance program desirable.

3. Travel Expenses

Although the 96th Congress enacted legislation that permitted us to make significant improvement in the funding of temporary and permanent change of station travel, we are still not adequately reimbursing our people for the costs they incur. For example, a member's allowance while traveling between duty stations remains insufficient to cover the cost of vehicle operation, meals and lodging. Per diem is not adequate to pay subsistence and shelter costs. Additionally, the dislocation allowance, intended to offset temporary living costs associated with a change of duty is also inadequate.

The General Accounting Office has recently recommended the realignment of military travel reimbursement. GAO's study indicated that a military E-6 with a family of four traveling 600 miles receives $450 for the move compared to a GS-7's potential to receive up to $4,139 as cost reimbursement for the same move. Since permanent change of station moves are ordered for the benefit of the service and not the individual, it is an injustice to require the service member to lose money and thus personally subsidize the government's cost of doing business. We urge support for correction of the inequity.

4. Dependent Dental Care

Legislation was introduced in the 96th Congress to include dependent dental care as an element of the CHAMPUS program The addition of this benefit would not only lessen the financial burden on military personnel, especially in the lower grades, if they seek dental services for their dependents, but would enhance the recruitment and retention of personnel in an AVF environment. We urge that a dental CHAMPUS program receive favorable consideration during this session of Congress.

5. Bachelor Cost of Living Allowance

The President's FY 1982 budget includes funds to pay a cost-of-living allowance to unaccompanied personnel overseas. We believe that it is unfair not to be able to pay these personnel a cost-of-living allowance, especially in countries with double digit inflation and where the dollar does not buy nearly as much as it once did. Accompanied personnel are eligible for the cost of living allowance. The cost-of-living is so high in many areas that our personnel are virtually restricted to the base to which they are assigned. I believe that we could take an important step toward solving our retention problem by paying these personnel overseas a cost-of-living allowance and thereby permitting them to interface with the local economy in the country in which they are based.

G. Women in the Navy

1. Career Opportunities

Expanding career opportunities continue to characterize the status of women in the Navy. Only 15 of the Navy's 85 ratings are closed to women --- thirteen due to combat orientation and two in order to maintain acceptable sea/shore rotation for men. Within the officer community, women officers are represented in all unrestricted and restricted line and staff corps communi-

ties with the exception of Submarine and Special Warfare, which are excluded because of their combat relationship. FY 1980 was the first year women were eligible for service as Limited Duty Officers and six were selected. Also during FY 1980, the first women graduated from the U. S. Naval Academy and in Naval Aviation, where we have had female pilots since 1974, the first women began training as Naval Flight Officers.

2. Assignment of Women to Shipboard and Aviation Duty

At the end of FY 1980, 120 women officers (URL, RL and staff corps) were assigned to duty in 27 non-combatant ships and 694 enlisted women were aboard 10 of those same ships. By the end of FY 1981, 161 women officers will be aboard 28 ships with 1,502 enlisted women assigned to 16 of these same ships. Without question, the women in ships program has been an impressive success. Women are routinely performing in traditional and non-traditional areas with skill, confidence and dedication. As an example, 20 women have qualified as Surface Warfare Officers.

Women are also active within Naval Aviation where they are assigned to support and training squadrons and to support billets in shorebased aircraft squadrons when such assignment would not require them to participate as crew members in combatant aircraft missions. As of the end of FY 1980, 15% of all enlisted women were in aviation ratings with additional women performing general detail aviation duties. A total of 39 women officers were pilots, with 12 in jets, 22 in propellor aircraft and 5 in helicopters; 17 women were pilot trainees. Also during FY 1980, two women began training as Naval Flight Officers. Within the constraints of law, the career path of women officers in aviation parallels that of males.

3. End strength Increases

Female enlisted end strength increased in FY 1980 from 5.4% of the total Navy force to 6.5%. Also, during FY 1980, the inventory of women officers, as a percentage of total officers, rose from 7.0% to 7.7%. Continued end strength increases in women officers and enlisted personnel are planned in keeping with the total officer and enlisted strength planning. Our analysis indicates that the Navy can continue to accommodate some increase in women's numbers without negative impact on sea/shore rotation for men.

FEMALE END STRENGTH

	FY 1979	FY 1980	FY 1981	FY 1982
Officer	4,258	4,877	5,117	5,465
Enlisted	24,751	29,806	35,423	39,349

VIII. Personnel Development Programs

A. Human Resource Management Support System

1. General

In a time of austere manning, it is imperative that our men and women perform to the utmost of their abilities. Our leaders must be aware of change and become more able as leaders and managers. The Human Resource Management System provides assistance to improve both organizational and individual effectiveness through specific programs in the areas of Leadership and Management Training, Drug and Alcohol Abuse Education and Rehabilitation, and Equal Opportunity.

2. Leadership and Management Education Training (LMET)

This formal two-week course is specifically designed to improve leadership and management competence. It focuses on developing skills to confront the problems of retention, attrition, productivity and crisis management. Since its inception in 1978, 24,000 Navy men and women have received this training. Graduates will increase from 13,000 in FY 1980 to approximately 30,000 in FY 1983. Included in the FY 1980 attendees were all prospective commanding officers and executive officers and those officers assigned to head-of-department billets in fleet units. Petty officer first class (E-6) and senior enlisted personnel enroute to fleet billets also attended. In FY 1981 the program expands to cover all petty officer second class (E-5) enroute to fleet billets. Additionally, those officers assigned to Naval Academy or NROTC Instructor billets will receive LMET. Feedback from fleet commanders on the performance of their LMET graduates has been positive. A formal evaluation of our LMET program, with particular emphasis on its impact on readiness, is scheduled for this fiscal year.

3. Human Resource Management Centers

The Human Resource Management Centers (HRMC) provide a variety of leadership and management oriented consulting services to assist unit commanding officers in their efforts to improve operational readiness and organizational effectiveness. Commanding officers report that HRM activities have a positive influence on leadership and management with strong affects also reported on productivity of work groups, communications, morale, job satisfaction, and team work. Substantial improvements are also reported in the areas of equal opportunity and drug and alcohol abuse prevention.

4. Alcohol Abuse

The critical Navy manpower shortfall mandates that we make strong efforts to rehabilitate and retain Navy members identified with problems of alcohol abuse and alcoholism. We estimate that approximately 12% of all Navy personnel in grades E1-E5 are alcohol dependent. This percentage is consistent with the prevalence of alcohol abuse in American society at-large.

The effectiveness of Navy alcohol rehabilitation for career members age 26 and older is 82% over the long term (measured three years later by the member's continuing eligibility for promotion and/or reenlistment). A total of 12,623 personnel were treated for alcoholism or serious alcohol abuse on either an inpatient or outpatient basis during fiscal year 1980. In addition, the Navy Alcohol Safety Action Program (NASAP) -- our primary alcohol abuse prevention program -- now reaches an average of 2,200 individuals per month who have had behavioral problems as a result of drinking. Our follow-up surveys indicate that over 90% of those who complete the 36-hour NASAP course -- and they must attend during their own off-duty time -- do not become disciplinary repeaters due to alcohol abuse. This program has been so successful that a similar program has been instituted to help "salvage" the large number of young drug abusers referred by their commanding officers for remedial action short of inpatient treatment. Initial results are highly encouraging, indicating that a majority of these young people can be turned around and motivated to do their jobs in a highly satisfactory manner without drugs.

5. Drug Abuse

Drug abuse in the Navy is most prevalent among personnel in the 18-25 year age group and is also a direct reflection of its prevalence among this group's civilian contemporaries. In FY 1980, 13,131 Navy personnel were identified as drug abusers. Of this group, more than 70% subsequently completed their enlistment.

6. Equal Opportunity (EO)

The Navy is deeply committed to a strong equal opportunity program not only because it is the right thing to do and improves human relations, but because there is a practical and economic aspect as well. To maintain military leadership in the world, it is imperative that our Navy be ready to perform at the absolute limit of potential. This means that leaders must develop and maintain an environment in which all Navy persons can contribute to the maximum extent of their capability. Denial of equal opportunity limits the full professional development of those against whom we discriminate. Therefore, their full capabilities are not available to the organization and Navy readiness suffers. The Navy has progressed a considerable distance since the racial conflicts of 1972 because of a strong dedication to the principle of equal opportunity and the unique program developed in support of this principle. Achievement of the Navy EO goals is being aided by the updating of the Navy Affirmative Action Plan, which expires at the end of FY 1981. The group commissioned to update the Navy Affirmative Action Plan is being led by a flag officer to ensure the support and necessary expertise is provided for a program of such importance.

B. Quality of Life - Direct Link to Retention

An increasingly important element in our Navy men and women's career decision is their perception of the quality of life they and their families will enjoy in the years ahead. If perceived as good, the potential for retention is enhanced. Conversely, a perception of poor quality of life may influence service members to try a civilian career. Equally important as what they see around them is their perception of what the Navy is doing to improve living and working environments for them and their dependents.

In FY 1982 we have allocated about $700 million to support the several areas designed to improve the quality of life of the Navy service member and increase petty officer retention. Several of the more significant aspects are described as follows:

1. Family Service Centers

The Navy has long recognized the importance of its families. Approximately 55% of our 535,000 Navy service members are married and have close to 600,000 primary dependents. Among Navy personnel generally thought to be career-oriented, that is mid-level and more senior enlisted and officers, over 80% are married. These figures serve as a strong indicator that the Navy tends to initially enlist a single person, and to reenlist a married one. When one addresses retention, family needs are therefore a central consideration.

The Navy's interest in providing support services to its families has led to the concept of the Navy Family Service Center as a service provider and focal point for coordinating existing Navy family support/assistance programs. Present plans call for the establishment of a total of 62 Family Service Centers throughout the Navy worldwide. By the end of FY 1981, eight Centers will be on line, with fourteen more scheduled for FY 1982. Staffing at all Family Service Centers will be a combination of military and civilian personnel.

Each Family Service Center will vary its services depending on the needs of the local population, as well as on the existing military and civilian services. In general, however, all Centers will have three broad, major objectives: to coordinate existing family-related resources (both military and civilian), to serve as an information, referral and follow-up system, and to provide direct assistance in selected areas.

One very clear indication of the need for such services by Navy personnel are the number of contacts, i.e., services performed by Social Workers and information and referral calls, recorded by the Family Service Center in Norfolk. During one eight month period, between July 1979 and April 1980, approximately 6,500 separate requests for assistance were handled by this one Center. This figure is considered to be just the tip-of-the-iceberg.

2. Child Care Centers

In the last few years, the demand for child care services for infants, preschool and school age children of Navy families has increased dramatically. The availability of these services eases many of the problems incurred by the growing number of Navy parents who are single, both working or with other special needs. Commencing in FY 1981 and continuing in FY 1982 and the outyears, we have programmed an increase in appropriated funding to upgrade the present 71 existing facilities and to hire at least one professional director for each center. The upgrading process involves bringing the structures, a majority of which are of World War II vintage, up to acceptable health, fire and safety standards. Funds have also been programmed to construct new centers where the old ones are beyond repair or where centers do not presently exist to meet the demand for child care services.

3. Unaccompanied Personnel Housing (UPH)

The FY 1982 budget request includes a quarters improvement effort which will clearly demonstrate the Navy's concern for the well-being of our unaccompanied personnel. The FY 1982 program combines new construction, upgrade of existing facilities and replacement/repair of equipment and furnishings. There is a current deficit of some 55,000 UPH spaces, the significant reduction of which continues to be one of the Chief of Naval Operations' major goals. A five fold program increase over FY 1976-1980 spending levels, which averaged $25.6M per year, will begin in FY 1982. The FY 1982 program of $166M to design, construct, and furnish new billeting facilities will provide approximately 8,400 adequate UPH spaces. Construction emphasis is being placed on off-ship accommodations for crew members whose ships are considered uninhabitable, geographic areas where off-base housing is in critical shortage or very costly, and berthing in support of critical fleet training needs. There also is a $500M outstanding requirement to upgrade unaccompanied enlisted personnel housing (UEPH) for transients. Some $40M has been earmarked for the FY 1982 UPH upgrade program which will provide furniture, furnishings and minor repair to selected unaccompanied personnel housing facilities that ex- perience a high occupant turnover. Military construction, in combination with programs such as the FY 1982 UEPH upgrade, will make a significant improvement in the "Quality of Life" of the unaccompanied sailor.

4. Morale, Welfare and Recreation (MWR)

We are continuing our emphasis on MWR programs as a complement to compensation initiatives. MWR programs provide a positive impact on personnel readiness and retention as an integral contributing element to the quality of Navy life.

Navy has traditionally lagged far behind Air Force and Army in the use of appropriated funds for the recreation element of MWR programs. Currently, our sailors' recreation program is receiving about half the level of appropriated support, on a per capita basis, as that received by the Army and Air Force programs. Recognizing that the condition and scope of its overall MWR facilities and services directly affect retention, an increase in appropriated resources for MWR of $15M has been programmed for

FY 1981 with an additional $23M programmed for FY 1982. The preponderance of these funds will be used directly in the recreation element of MWR to upgrade athletic, entertainment, and child care facilities and services. Priority will be given to overseas and isolated locations.

5. Religious and Spiritual Support Activities

The wisdom and value of providing adequate resources for spiritual support to Navy men and women and their families has long been recognized. Spiritual strength undergirds the development of maturity, motivation, and high level morale in the lives of our people, which in turn impact upon readiness in the fleet, retention, professionalism, and quality of life. With increased Chaplain billets, Navy is now providing spiritual ministry at a level approaching parity with Army and Air Force. Command religious programs are being strengthened by the contribution of the new Religious Program Specialist rating.

C. Navy Voluntary Education Program

The Navy Campus is our off-duty, voluntary education program. During FY 1980 Navy personnel were offered educational opportunities at all levels from the improvement of basic skills through attainment of college level credits. Participation in voluntary education programs has continued to increase. Since FY 1975 there has been a 68% increase in the number of course enrollments supported by Tuition Assistance. Nearly 56,000 college level courses were taken last year under the Navy Campus (96% by enlisted personnel). Since FY 1975 there has been a 70% increase in the number of courses offered in the Program for Afloat College Education (PACE), which provides college and vocational courses on board our ships at sea. Last year nearly 1,800 PACE courses were offered with a total enrollment of nearly 29,000 seagoing personnel.

Just as significant are the enrollments in the on-duty Functional Skills Program of the Navy Campus. Non-credit courses are provided in English, Reading, Mathematics, and Science. In FY 1980 about 1,400 functional skills courses were offered with enrollments of 17,500: 816 of these courses, enrolling nearly 10,500, were given aboard ship. This program continues to grow in FY 1981. Commanding officers are finding that this program is highly effective in improving an individual's overall performance.

We are currently examining a companion program as a means to upgrade individual skills, where necessary, in reading and math, prior to entering technical training ("A" school). A pilot program at two of our schools involves testing of personnel when they report to technical training to ascertain if they have the reading and math skills for the particular technical course to which they have been assigned. If they do not, we are en-rolling them in remedial-type courses designed to give them the necessary minimum academic skills to successfully complete the prescribed training. This program has the potential for greatly reducing attrition and roll-backs at our "A" schools.

In summary, the Navy's Voluntary Education Programs, including the on-duty Functional Skills courses, continue to expand. Personnel are recognizing the need to improve their academic skills, and our commanding officers are recognizing these programs lead to more trainable, productive personnel.

IX. Military Training Education

A. General

Effective utilization of our training resources is fundamental to increasing fleet readiness. With the shortage of mid

and senior grade petty officers -- a fact of life until a more experienced force can be developed -- it is imperative that we maximize the productivity of those trainees reaching the fleet from the various training pipelines. In recognition of this, Navy training commands continue to receive top priority in manning.

Additionally, training, as it contributes to individual skill development, is one of the major reasons people enter the service. If these expectations are not met due to training constraints, we create an atmosphere of disappointment and job dissatisfaction, which adversely affects an individual's reenlistment decision.

B. Recruit Training

Our challenge in recruit training is to provide a smooth transition from civilian to military life. In addition to preparing recruits for the rigors of Navy life, we emphasize the development of a sense of individual responsibility and the importance of discipline, teamwork and pride in the naval service. We are currently undergoing a review of our recruit training curriculum with the objective of providing more emphasis on the military aspects of the training. We believe our current recruit training curriculum is a good one, but hope to make it even better.

C. Specialized Skill Training

With a continuing increase in the technological sophistication of our warfare platforms and weapons systems, there can be no relaxing of the requirement to obtain maximum effectiveness from our specialized training dollars. About 70% of our recruit training graduates attend skill training for duty in a particular rating. Listed below are three initiatives targeted toward improving our specialized training.

- Implementation of the Integrated Training Brigade concept in FY 1980 was a major step towards improving the military atmosphere at our three largest enlisted training sites (San Diego, Great Lakes, and Memphis). This concept, which incorporates side by side military and technical training is intended to e provide increased general military training and supervision for th individual student. Although not conclusive, a significant reduction has already been noted in unauthorized absenteeism, nonjudicial punishment cases and base vandalism. Additionally, I have been impressed by increased student motivation and the improving leadership ability displayed by those who have experi- enced this training approach.

- Beginning 1 October 1980, Seaman and Airman Apprentice training was expanded from 2.4 to 4 weeks to align with Fireman Apprentice training which has been 4 weeks since 1978. The additional training time allows for increased hands-on-training in- the fundamentals related to Seaman and Airman duties. This initia tive will improve the initial capability of Seaman and Airman Apprentices who are assigned directly to the fleet and do not attend "A" school.

- Additionally, we have a number of new courses cominge on line to support weapons systems, such as Tomahawk, which will be entering the fleet shortly. The increases budgeted for FY 1982 will provide us with the resources necessary to maintain an acceptable level of training, enable us to provide quality instruction inside and outside the classroom and permit us to support our new weapons systems with adequately trained personnel.

Finally, the Job Oriented Basic Skills (JOBS) Program was developed to provide basic skills and knowledge to assist educationally deprived service members complete "A" school. This provides upward mobility to many personnel who are not considered

school eligible based on ASVAB results. Experience to date has shown that this program has been most successful in preparing these individuals for completion of "A" school and assumption of more responsible jobs.

D. Flight Training

During FY 1980 the Naval Air Training Command instructor billets were manned at nearly 100% with an improvement in the enlisted manning as well. As a result, for the first time in years, the planned pilot training rate (PTR) of 885 was attained. At this time, it appears that the FY 1981 PTR (897) will also be met. In addition, at the start of FY 1981, certain military instructor pilot billets were contracted out. The initial area was the piloting of T-39D aircraft used in Naval Flight Officer training. I am pleased with the excellent performance of our contract pilots. Also, a number of emergency and cockpit simulator training billets throughout the Naval Air Training Command have been contracted out. Additional military instructor functions will be contracted for commencing in FY 1982, including the instrument portion of T-34C primary training and helicopter squadron organizational maintenance.

E. Professional Development Education

Professional development of naval officers refers to knowledge required in specific warfare fields as well as knowledge acquired to provide the individual with the capability to function in associated technical and managerial areas. To this end, the Navy's Professional Development Education refers both to Professional Military Education offered at intermediate and senior service colleges and to fully-funded graduate education offered at the Naval Postgraduate School and selected civilian institutions. This education is not a blanket benefit; selection for attendance is limited to those officers best qualified by experience and performance (academic and professional) in competition with their peers. The FY 1982 postgraduate school input is 600 officers.

In the area of Professional Military Education, Navy policy is for 30-35% of all URL captains (O-6s) to be graduates of a senior service college (i.e., War College) and 25-35% of URL lieutenant commanders (O-4s) to be graduates of an intermediate service college (i.e., Command and Staff College). For FY 1982, this input is programmed at 150 officers to senior service college and 218 officers to intermediate service college.

Because of the increasingly complex operational and technological environment, the Navy also places significant emphasis on graduate education for selected officers as a prudent long-term investment. This education is provided to officers who fill positions which have been carefully reviewed and determined to require graduate level skills for successful performance. It results in a cadre of officers capable of performing in technical and managerial areas as well as highly specialized warfare fields.

Since 1973, there has been a 35% decline in the graduate education program resulting from Congressional reductions during the appropriations process and from Navy's inability to send more officers to school because of severe middle-grade inventory shortages.

The Professional Development Education program is an essential investment in maintaining the long-term operational, technical, and managerial competency of the Naval Service. We solicit Congress' continued support for this vital program.

X. Civilian Manpower and Personnel

A. Civilian Manpower

Civilian End Strength Authorization Request
(thousands)

	FY 1980	FY 1981	FY 1982
January Submit	289.2	292.9	289.9
Supplemental/ Amendment		+5.0	+3.6
March Submit	289.2	297.9	293.5

Our civilian end strength estimates are for 297,903 in FY 1981 and 293,472 in FY 1982, or a net decrease of 4,431. However, the decrease does not represent a decline in program capability, but rather a restructuring of contracting out estimates.

The FY 1981 President's Budget assumed that functions performed by a cumulative total of 5,971 positions would prove more cost effective for contractor performance under OMB Circular A-76 procedures. Because of delays in completion of OMB Circular A-76 cost studies, it has not been possible to meet our initial cost study schedule; consequently, a total of 3,840 civilian end strength of the 5,971 originally planned for reduction as a result of conversion has been restored in FY 1981. It is anticipated that cost studies of the functions associated with the positions restored for FY 1981, as well as additional functions, will be completed by the end of FY 1982 with the result that the work of about 8,181 positions will be contracted out in that year in addition to the 2,131 to be achieved in FY 1981. To the extent that other unforeseen delays occur, or that functions for which end strength have been deleted prove more cost effective in-house, the Navy will request end strength restorations from the Secretary of Defense.

Major decreases in civilian end strength from FY 1981 to FY 1982 (other than contracting out) include a net decrease of 309 in Military Sealift Command ship manning requirements, and a decrease of 1,769 positions for aircraft maintenance. I would like to emphasize that the aircraft maintenance staffing decrease is driven by the phasing of the budgeted work load planned for the Naval Air Rework Facilities (NARF's).

Major increases in civilian end strength from FY 1981 to FY 1982 include 5,317 for ship maintenance, including service life extension work on the carrier SARATOGA, and reactivation of the ORISKANY and NEW JERSEY and overhaul of three diesel submarines. Other increases are 183 positions for quality of life programs to improve military retention, 200 for increased ancillary medical support, 359 positions to perform increased ordnance industrial work load, and 403 positions at fleet operating stations and ship repair facilities for improved base maintenance and ship overhaul, repair, and maintenance. I would note that our major increases are in areas that are directly related to fleet readiness or in quality of life functions which are essential to recruiting and retaining top quality military personnel.

These changes also represent significant adjustments to the President's Budget submitted in January. These adjustments are summarized below:

Civilian End Strength Authorization Request
(thousands)

	FY 1981	FY 1982
January Submit	292.9	289.9
Aircraft Maintenance Backlog	+1.2	+1.8
Diesel Submarine Overhauls		+.8
Reactivate ORISKANY		+3.1
Reactivate NEW JERSEY		+.9
CITA Program Administration	+.3	+.3
NARF Work Load Surge	+1.7	
Shipyard Utilization	+.5	
Unexecutable Contracting Out	+.6	
Additional Contracting Out		-3.8
Other	+.7	+.5
March Submit	297.9	293.5
Net Change	+5.0	+3.6

The revised end strength request will have a significant effect on Naval Shipyards and Naval Air Rework Facilities in particular. In FY 1981, the addition of 500 end strengths in Naval Shipyards will provide for a more efficient mix of full-time permanent and temporary employees to carry out the funded FY 1981 program. In FY 1982, the additional 4,795 civilians are needed for reactivation of the ORISKANY and NEW JERSEY plus retention and overhaul of three diesel submarines. In the Naval Rework Facilities (NARF's), 1,205 end strength in FY 1981 and 1,765 in FY 1982 plus associated funds are requested to reduce the aircraft maintenance backlog. In addition, in the FY 1981 budget review we advised that it might be necessary to add 1,660 civilian end strength in FY 1981 if NARF surge work load carried over into FY 1982. As this will occur, we have added 1,660 civilians to our FY 1981 request. In summary, the Naval Shipyard and Naval Air Rework Facility revised end strength request is as follows:

Civilian End Strength
(thousands)

	FY 1980	FY 1981	FY 1982
Naval Shipyards	67.5	68.0	73.1
NARF's	22.7	25.6	23.8

The other major adjustments are in contracting out, which I will discuss next.

B. Commercial and Industrial-Type Activities (CITA) Program

As noted earlier, the Navy has encountered delays in completing CITA cost studies under OMB Circular A-76, and has requested a net restoration of 3,840 civilian end strength in FY 1981. One of the major problems we have encountered within the Navy is a lack of trained personnel to develop work statements, conduct cost studies and audit the results. To correct this deficiency, we are realigning our internal CITA management structure and have requested 300 additional CITA personnel to facilitate the review process. Our major thrust will be to concentrate on large CITA functions with potential for substantial savings.

In this regard, the Navy recommends repeal of Section 502 of the FY 1981 Department of Defense Authorization Act. OMB Circular A-76 and DOD implementing regulations provide appropriate safeguards to ensure that sound comparisons are made between in-house and commercial performance of functions. I am particularly concerned that the cost of overly-complex reviews for relatively

small functions are not cost effective. If Section 502 cannot be deleted in its entirety, exclusive of functions with 50 or less civilians would also substantially improve the efficiency of the CITA program.

There are several advantages to the CITA program from the Navy's viewpoint. First, contracting permits the Navy to concentrate in-house efforts on higher priority, high technology efforts when routine base support and maintenance functions can be contracted. Second, contracting out of CITA functions is done under OMB Circular A-76 cost study procedures which result in cost savings that can be reapplied to other programs. Third, contracting permits reallocation of limited personnel ceilings when contracting proves cost effective under A-76 procedures.

In summary, an effective CITA program can greatly enhance our management efforts.

C. Congressional Ceiling

The Navy has consistently recommended that the annual statutory civilian ceiling authorization be eliminated. We recognize the intent of Congress to achieve manpower efficiencies through the implementation of a statutory ceiling, and we are continually working on methods of administering ceilings in a manner that will promote effective management and prudent use of available resources. To this end, our budget request reflects a balanced work load/work force posture which will permit accomplishment of budgeted work load. However, the Navy believes that statutory civilian personnel ceilings can be counterproductive by causing skill imbalances, increasing delays in performing work load, and increasing overtime costs, particularly at industrial activities which experience significant work load fluctuations in budget execution.

Over the years we have explored various possibilities for dealing with this problem. It is my conclusion that the only viable solution is the elimination of all statutory civilian personnel ceilings. I do not believe that this would lead to any loss of control in how approved programs are performed, providing that the review process focuses on the total resources, both manpower and funding, required for individual programs. Review and control of funded work load and civilian manpower is closely integrated within the Navy and I feel that this constitutes a far more reasonable and cost effective way of controlling manpower costs than the assignment of separate statutory civilian personnel end strength ceilings. The fact that Congress will now authorize operation and maintenance funds, which pay for the majority of the Navy's civilians either directly or indirectly, makes statutory civilian ceiling controls even more redundant. Finally, it should be noted that during most of the period during Fiscal Years 1971-1974, the Navy successfully operated without external civilian ceiling controls.

Therefore, it is recommended that statutory civilian end strength controls be deleted from the FY 1982 authorization.

D. Readiness

During the past five years the Navy's civilian end strength has decreased by about 16,900. While this constitutes 5.2% of total Navy civilians, it is increasingly difficult to accommodate reductions without severe impact on readiness and quality of life. Over half of our civilians are at Navy Industrial Fund activities, many of which are in direct support of readiness. These include shipyards, air rework facilities, ordnance and strategic weapons industrial activities, air engineering centers, and Military Sealift Command ships. In addition, many of our operation and maintenance activities also

provide direct readiness support, such as fleet operating bases, supply activities and ship repair facilities. There are also training and medical facilities which are essential to the skills development and quality of life considerations necessary to provide the quality and quantity of military personnel needed to man the fleet. Collectively, these industrial and non-industrial activities, including a large part of the Navy's research and development activities, account for the majority of Navy's civilians.

The point I want to make through this illustration is that while the Navy's civilians are often viewed as "support" rather than "operations", they are, in fact, the major source of the research and development as well as the maintenance and repair effort needed to provide for continued and future fleet readiness and the day-to-day operation of the vital shorebased support to the fleet.

E. Civilian Grade Structure

The Congress has often expressed concern about civilian grade levels, and has mandated in law specific reductions in the numbers of civilian employees that the Department of Defense may have in grades GS-13 through GS-18 and equivalent. The Navy has been responsive in placing strong emphasis on ensuring that positions are fully justified by the levels of work load and are classified at the appropriate grade. A sound job classification and position management program is the most effective method for validating high grade requirements.

In the past five fiscal years ending September 30, 1980, our GS-13 through GS-18 and equivalent position structure has been reduced from a total of 20,120 (as of June 1975) to an authorized September 30, 1980 level of 18,040, or more than 10%. More than 6% of this reduction was achieved before the enactment of existing statutory controls, which became effective in FY 1979, and 4% was accomplished thereafter. The following table reflects the reductions taken over the last few years.

HIGH GRADED CIVILIAN POSITIONS - NAVY

End FY	GS-13 - 18 + PLS & SES	Cumulative Reduction	Cumulative % Reduction
1976	19,112	-1,008	5.0
1977	18,839	-1,281	6.4
1978	18,361	-1,759	8.7
1979	18,054	-2,066	10.3
1980	18,040*	-2,080	10.3

* Authorized level.

The Navy budget for FY 1982 projects further reductions in high grade positions, in compliance with the statutory mandate. Of course, having already reduced high grade numbers by more than 10%, the Navy believes it has fully complied with the intent of Congress, and should have to take no further reductions. The continuing drawdown of our senior level civilian manpower base will result in reduced opportunities for upward mobility and adversely impact on morale, readiness, and our capability to manage complex programs. The problem is especially acute in the research and technical communities, where high grade constraints make it difficult to attract and retain top quality scientific and engineering personnel.

F. Pay for Performance

In the two years since the Civil Service Reform Act (CSRA) became law, Navy has maintained its commitment toward ensuring that CSRA remains a vehicle for improving the way we

do business. The Senior Executive Service (SES) and the Merit Pay System (MPS), two major provisions linking pay and performance, are firmly implemented in our personnel management policies and procedures. The Basic Performance Appraisal System (BPAS) is well underway and will be fully implemented by October 1981.

The heart of the Senior Executive Service, which applies to Navy's 450 executive positions, is an objective based performance appraisal and pay system. This year approximately 700 SES members and Flag and General Officers were trained in the system, a board was established to oversee the system and in June 1980, the first appraisal cycle was completed. As a result 70 SES members received salary bonuses for superior accomplishments and 17 received Presidential cash awards.

Paralleling SES as a performance appraisal and pay setting system for GS-13 through GS-15 civilians is the Merit Pay System. It extends the concept of an objective based management system through the entire top management structure. Over 18,000 MPS members and supervisors received training and the first appraisal period will be effective in June 1981 with compensation allocations in October 1981.

The new Basic Performance Appraisal System for the remainder of Navy's civilian employees has been approved and is dependent upon the manager's knowledge of the process.

G. Recruitment and Compensation

Recruiting and then retaining, highly skilled civilian personnel is becoming more and more difficult in the face of a large demand and high salary offers from the private sector. Particularly demanding has been filling our requirements for engineers and scientists. Navy adjusted entry level engineer salaries last year, but this has not solved the problem. Our inability to compete with private industry, where entry level pay nationwide averages about $5,500 higher, has resulted in Navy only attracting about 1,000 of the 2,300 engineers needed. Navy is examining a concept that would establish an entry level recruitment bonus for engineers and other shortage category employees.

XI. Management Information Support

I believe that Navy manpower, personnel, and training (MPT) managers can do their jobs much more effectively with better management information. The Manpower Personnel and Training Information Systems (MAPTIS) Program provides centralized management of ADP systems designed to supply information needed by managers who support the needs of the Navy's most valuable asset, its personnel. Our goal in this regard is to minimize staff growth by improving staff managerial efficiency through the provisions of timely, quality information which allows detection of developing problems and the application of effective corrective action.

Two major initiatives have been developed to provide improved quality of information support. These are the standardization of automated systems and a balanced mixture of distributed data processing and centralized processing. Distributed processing puts the computer's power in the managers' hands.

Throughout the Navy, emphasis is being placed on the standardization of management information systems to more effectively utilize dwindling numbers of ADP professionals and to improve the information efficiency of these systems. For example, two standard information systems are being developed to collect, process, and provide management information on all Navy military and civilian personnel. These are the Pay and Personnel Administrative Support System/Source Data System (PASS/SDS) and the Navy

Automated Civilian Management Information System (NACMIS). These systems will provide MPT managers with single sources of information on Navy personnel and with a more timely and error-free method of reporting information between field activities and headquarters.

Managers in the MAPTIS Program are also developing a balanced mix of centralized and distributed data processing. There is a project underway to design and establish a central consolidated processing site in Cleveland, Ohio, for the Navy's personnel and pay systems. At this site, master files of Navy personnel can be maintained and updated by standardized systems. This will increase effectiveness of scarce ADP maintenance personnel by concentrating them at one location. Concurrently, initiatives are underway to provide managers with necessary information as rapidly as possible. Placement of terminals and small computers in the offices of Navy managers will provide rapid information access, and will reduce the need for additional ADP personnel. The PASS/SDS and NACMIS systems are designed with this balanced mix in mind. Personnel field offices will ultimately be outfitted with equipment not only capable of processing information for field office use, but also capable of data entry to the central site.

I believe that effective and timely management information can make a significant contribution to better command decisions and to more efficient use of manpower resources. I intend to lend my support to the continuing effort to upgrade our management information program.

XII. Reserve Program

A. Selected Reserve (SELRES) Sizing

As the wartime requirements of the active Navy are continually refined, so too are the Selected Reserve requirements. The Navy Manpower Mobilization System (NAMMOS), discussed earlier, is the major management tool that defines and identifies full mobilization manpower requirements. The system development effort in FY 1979 addressed the first 60 days of mobilization. The FY 1980 program generated manpower mobilization requirements, both civilian and military, for an entire 180 day mobilization scenario. NAMMOS has defined the Selected Reserve requirement for FY 1981 as 111,067 with an increased requirement in FY 1982 of 112,740. The FY 1981 program will concentrate in detail on selected categories in order to more accurately define require- ments in depth. The system facilitates decision making on structuring and integrating mobilization requirements from all sources (i.e., active military, civilian, Individual Ready Reserve, Selected Reserve, Retired Military, etc.).

Due to the difficulties experienced in attracting highly skilled techicians into the Selected Reserves it has not been possible for the Selected Reserve to grow to more closely meet our requirements. Since FY 1978, the SELRES strength has been stable at approximately 87,000. The budget request for FY 1982 is for an end strength of 87,559, which includes 351 personnel in a newly-defined Individual Mobilization Augmentee (IMA) program and 208 of the Reserve personnel on full-time active duty to support the Naval reserve. Based on the current strength and our ability to maintain a SELRES at or near the authorized level for two years, it is reasonable to assume that 87,000 SELRES can be maintained for FY 1982. Given authorization and sufficient lead time, it would also be possible to make modest increases in the number of SELRES.

B. Reserve Training

Naval Reservists receive extensive up-to-date training during regular drill periods and during two weeks of Active Duty for Training (ACDUTRA) each year. Formal training includes Navy

school training quotas, aircraft and ship simulator training, technical schools, etc. On-the-job training is conducted regularly through ship and aircraft operations.

The Air arm of the Naval Reserve, consisting of approximately 20,000 personnel and 400 aircraft, conducts training at 22 sites throughout the nation. Aircrew flight training, maintenance training, and warfare specialty training is conducted in Reserve Force Squadrons and Augment Units at these 22 sites and during unit deployments to fleet training sites. All training is oriented toward the ultimate goal of mobilization readiness. The readiness training posture is measured through analysis of results from mutual Fleet/Reserve exercises and Operational Readiness Evaluations. Many beneficial support services accrue to the active fleet as a result of joint Active/Reserve mobilization readiness training exercises.

During FY 1981, the training of personnel assigned to the balance of the Naval Reserve (referred to as the Surface Reserve) will be conducted at 237 sites throughout the United States and at the homeports of and on board the 45 ships assigned to the Naval Reserve Force (NRF). The modernization of the NRF continues during FY 1981 with the addition of one Amphibious Cargo Ship (LKA) and two Tank Landing Ships (LSTs). Eight of the 35 year old FRAM DDs will be retired during FY 1981 and an additional four will be retired and replaced by four newer 1052 Class Frigates during FY 1982. This action is a part of the comprehensive Convoy Escort concept for the Naval Reserve which was recently approved by the Chief of Naval Operations and endorsed in the Appropriations Committee Report adopted by the Congress for FY 1981.

The FY 1980 funding appropriated for Active Duty for Training (ACDUTRA) and Weekend Away Training (WET) was less than the amount requested and did not compensate for the inflation rate. It also did not permit planned expansion of the WET training program to new units to achieve the goal of complete Navy/Naval Reserve integration. The FY 1982 budget requests $5.032 million for WET travel. This amount will support WET training for 11,753 officers and 21,602 enlisted personnel, approximately the same number of personnel as scheduled for FY 1981, but double the number who were able to perform this type of training in FY 1980. Our goal is to provide at least one independent WET in addition to one WET in conjunction with annual ACDUTRA each fiscal year at the Command location. The FY 1982 budget will support approximately 60 percent of this goal.

Through past evaluations, tests and practical exercises, the Naval Reserve has demonstrated its qualifications as a capable and respected element of the total Navy force. Every effort is being made through the use of sophisticated Shipboard Simulators, Damage Control Trainers, Weekend Away Training air- lifts and Active Duty for Training to maintain a well trained and responsive Naval Reserve Force within the framework of the strength authorized and the resources available.

An important by-product of Reserve Training is the assistance provided to the active Navy in the performance of our peacetime missions. This Mutual Support Program encompasses almost all of the Navy's mission areas. For example, the Naval Reserve provides virtually all of our organic airlift within the continental United States, accomplishes over fifty percent of our intelligence production, performs adversary roles to our active air, surface and sub-surface forces in training exercises, and provides invaluable assistance to our Medical, Legal and Chaplain's Corps through the performance of a significant part of their tasks, particularly on weekends. In summary, the support provided by the Naval Reserve has helped significantly to ameliorate the impact of our current active duty personnel shortages.

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XIII. Total Force Summary

My statement has outlined the Navy's manpower requirements in terms of active duty, reserve and civilian personnel. I believe these requirements are balanced in terms of effectiveness and economy. I have also discussed our current personnel situation including our shortfalls and their impact on readiness, and outlined steps we are taking to improve fleet readiness.

Finally, I would like to emphasize that because of the Nunn-Warner Amendment, the FY 1981 Defense Authorization Bill, and the Military Pay and Allowances Benefit Act of 1980, as well as other recent legislation, Congress has sent a strong message to our military personnel. Our Navy people are beginning to respond to that message, but a large part of the positive response we are receiving appears to be attributed to the perception that Congress is committed to addressing the military compensation issue and to solving it. A most important part of that perception is the feeling that Congress does indeed appreciate the contribution and the special sacrifice that our people are making to the strength of our Nation.

I believe we have reason for some optimism, but since we are beginning to improve from a seriously degraded position, and we are hopeful of expanding our Navy, it will take years of exceptional retention success to overcome our current shortages.

The continued strong commitment and support of Congress for our Navy and our Navy people is vital to our success. The message has been sent and received. I urge you, Mr. Chairman, and your colleagues, to follow through with your support for increased military compensation so we can increase readiness and man our growing Navy. I pledge you the Navy's full assistance in the important work for our Navy and our country.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions you may have.

Prepared Statement of Rear Admiral Frederick F. Palmer

Chief of Naval Reserve

Mr. Chairman and members of the Committee:

I am pleased to appear before this committee today to report on the current status of the Naval Reserve and outline the program we are requesting for fiscal year 1982.

This is my third opportunity to report on the status of the Naval Reserve. Again I want to thank this committee for its support. I am pleased to be able to say that the improvements we have achieved over the past two years are being sustained and we are making additional progress in improving the capability and readiness of the Naval Reserve.

Achievements

The Selected Reserve strength, that is, our members in a paid drill status, was right on target last year. We achieved an average strength of 86,665 compared with our authorization for 87,000. More importantly, we were able to maintain an on board strength which did not vary much above or below our 87,000 target. This era of relative stability has enabled us to continue the ongoing task of improving the match of individual skills and capabilities with the requirements for each mobilization billet.

The expanded incentive package provided by Congress last year should assist us in making additional progress in this area this year.

The total capability of the Navy Manpower Mobilization System (NAMMOS) was achieved with the recent completion of the examination of requirements for all types of personnel (Selected Reserve, Individual Ready Reserve, Retired and Civilian) for the first 180 days after mobilization. It is not surprising that this more detailed exercising of the system shows an increased fiscal year 1982 Navy requirement for over 110,000 Selected Reserve personnel.

We are also revising the procedures used to measure the readiness posture of the Naval Reserve. While our hardware units continue to use fleet performance standards in assessing their readiness condition, currently we are refining the unit reporting system of our augmenting units to include the measurement of their mobilization impact upon the readiness of the active force units they support. The completion of this project will provide the Navy with a valuable management tool to enable us to identify problem areas more rapidly, take appropriate remedial action, and provide gaining commands with information which will provide readiness assessment upon mobilization.

We have continued to make substantial improvement in the capabilities of our units, and individual Selected Reservists, by improving the quality of training. Particularly noteworthy is the expansion of our Weekend Away Training (WET) program which provides for periodic hands-on training for our augment units at either the command they will report to in the event of mobilization or a similar active duty location. Our goal is for each augment unit to perform one WET evolution each quarter. We have been able to program to accomplish about fifty percent of our WET program during this fiscal year, a significant improvement over fiscal year 1980, and have budgeted for a similar level of effort in fiscal year 1982.

The WET program is one of the more tangible demonstrations of the increasing interaction between the Navy's active duty and Reserve units. An important by-product of this training and the annual two week active duty training periods performed by our units is the direct support we are able to provide to the active duty units of the Navy. We have adopted the phrase "Mutual Support" to describe those Naval Reserve training evolutions which also provide direct assistance to active duty units in the performance of their mission.

The Mutual Support program covers most of the spectrum of Naval mission areas. The following examples provide an insight into the depth and scope of these mutually beneficial pre-mobilization activities:

- Recently VAW-78 and VAW-88, the two Naval Reserve Carrier Airborne Early Warning Squadrons, performed their annual Active Duty for Training at Keflavik, Iceland. The combined effort covered a 30 day period and provided realistic mobilization training in the airborne early warning mission while filling an essential operational requirement by relieving U.S. Air Force AWACS aircraft which had been forward deployed to Germany.

- Naval Reserve Shore Intermediate Maintenance Activities (SIMAs) and Yard Repair Craft (YR) provide direct support of ship overhaul and rework projects at active Navy intermediate maintenance level activities.

- Naval Reserve Intelligence units are fully intergrated into their active duty counterpart commands and are entirely committed to real-time production efforts. They routinely complete over fifty percent of the Navy's Intelligence production.

- The 13 Reserve VP squadrons provided 4 operational aircrews and 3 aircraft on a two-week rotational cycle for 32 weeks at Lajes and 20 weeks at Agana and Kadena to supplement fleet maritime patrol operations.

- The Naval Reserve Security Group training program is rooted in an on-line cryptologic mission which involves participation in functions that provide vital security information for a variety of military and other DOD activities.

- Numerous Naval Reserve staff augmentation units routinely stand watches at various command and control centers throughout the Naval Establishment, simultaneously obtaining valuable mobilization training and reducing the workload of active duty personnel.

- During FY-80 the Reserve Naval Construction Force contributed over 15,000 mandays at various stateside and overseas projects such as:

    o VIEQUES Island road upgrading project.

    o Base support, electrical distribution and welfare and recreation projects at Guantanamo Bay, Cuba and Roosevelt Roads, PR.

o Demolition work at Midway Island.

o Construction of an Equipment Maintenance building at Rota, Spain.

- Naval Reserve Chaplains furnish direct support to the active forces by providing pastoral care in the Naval Regional Medical Centers, chaplain services for ships where ship's chaplains are unavailable, and aboard stations in relief of active duty and retired military personnel.

- Naval Reserve VF and VA squadrons provide forces for war-at-sea, fleet air defense, and air-to-air warfare exercises during work up training of deploying battle groups.

- Naval Reserve Cargo Handling Battalions assist active commands in moving and storing cargo, load out of deploying units, and reorganization of warehouse storage facilities.

- Reserve VR squadrons furnish the entire CONUS fleet logistics support effort and augment Sixth Fleet units on a regular basis. They also deploy to the Pacific to support transpac movements of Navy and Marine TACAIR squadrons. Additionally, they support UNITAS operations in South America for 10 weeks each year.

The Vice Chief of Naval Operations recently stated that during the Navy's recent manpower shortage, "without the Naval Reserve, we would have gone under." I am proud, as is each individual Naval Reservist, that we have been able to provide this support.

A reinforcing outlook is the extent to which the Navy depends on the Naval Reserve to meet its force level and personnel requirements after mobilization. In general, approximately 12%

of the Navy's trained military manpower is in the Navy's Selected Reserve. The following list illustrates the degree of reliance on the Naval Reserve to provide responsive units and personnel for immediate mobilization and expansion of the active Navy in certain mission areas:

100% of Naval U.S. Based Logistic Airlift (VR)
100% of Light Attack Helicopter Squadrons (HAL)
100% of Navy Combat SAR Capability (HC-9)
100% of Naval Mobile Inshore Undersea Warfare Units
99% of Naval Control of Shipping Organization
88% of Naval Ocean Minesweepers
84% of Navy Cargo Handling Battalions
68% of Navy Mobile Construction Battalions
66% of Naval Special Boat Forces
60% of Military Sealift Command (MSC) Military Personnel
35% of Naval Maritime Air Patrol Squadrons (VP)
34% of Naval Intelligence Personnel
30% of Naval Medical Support Personnel
33% of Navy Composite (Service) Squadrons (VC)
14% of Navy Tactical Carrier Air Wings (CVW)
9% of Navy Amphibious Warfare Ships
9% of Navy Base Operating Support Personnel
5% of Navy Surface Combatants (Destroyers)

CHANGES FOR FY-82

Although we made improvements during the past year, I do not want to give the impression that the Naval Reserve has achieved the desired mission capability. Our program for fiscal year 1982 is a continuation of achievements to date.

Selected Reserve Strength

The Selected Reserve strength of 87,600 requested for fiscal year 1982 is essentially the same as our approved program for

this year. There is a small increase in the number of full-time support personnel, from 208 to 295, plus the addition of an average strength of 305 Individual Mobilization Augmentees (IMAs). The IMAs are part of the Selected Reserve authorization request as the result of a program decision to move Category D of all Reserve components to the Selected Reserve authorization as part of an expanded IMA program. Navy Category D IMAs are not in a drill pay status, but are offered two weeks active duty training each year. The remaining 87,000 are Selected Reserve personnel, that is, Ready Reservists who are programmed to receive at least 48 paid drills and two weeks active duty training.

Naval Reserve Force Levels

The Naval Reserve Surface Force (NRF) is programmed for several changes during fiscal year 1982. The Navy plans to retire all but 8 of the old NRF FRAM I DD's during FY-81 and to replace four of the remaining FRAM I DD's during FY-82 with four of the more modern FF-1052 class frigates. The Navy is in the process of completing the development of the detailed plan for modernizing of the Surface Combatant arm of the NRF, and has been directed to provide a report to Congress on this subject.

The fiscal year 1982 Budget Amendment restored to the Naval Reserve Force the four Helicopter Anti-Submarine Warfare squadrons (HS), and the two Helicopter Attack (light) squadrons (HAL) which were scheduled for deletion. In addition, the Ammunition Ships (AE) that are currently in the Naval Reserve Force have been identified for return to the active force.

During fiscal year 1982 an additional Tactical Electronic Warfare squadron (VAQ 34) is programmed for establishment in the Naval Reserve to provide much needed support to West Coast fleet units.

The first of three C-9B aircraft authorized for procurement to provide partial relief for the retiring C-118 fleet was delivered last month. The C-118s are reaching the end of their economical service life. In view of their material condition and the limited availability of spare parts and high octane aviation gasoline, it is necessary to phase out the last of these aircraft by the end of 1984.

The program to modernize the Anti-Submarine Warfare capability of Naval Reserve patrol aircraft has been revived with the restoration of the Tactical Navigation Modernization (TACNAVMOD) program in fiscal year 1981. Twenty (20) million dollars is included in this year's budget request to fund another increment in this vital tactical improvement program, begun with the induction of the first aircraft from VP-91 in February of this year.

The programmed changes will result in a Naval Reserve at the end of fiscal 1982 as outlined below:

MAJOR COMMISSIONED UNITS

43 Ships

5 Destroyers (DD)
4 Frigates (FF)
22 Minesweepers (MSO)
4 Amphibious Cargo Ships (LKA)
2 Tank Landing Ships (LST)
5 Fleet Ocean Tugs (ATF)
1 Salvage Ship (ARS)

4 Special Boat Units (numerous craft)
16 Mobile Inshore Undersea Warfare (MIUW) Units
17 Mobile Construction Battalions (MCB)
6 Cargo Handling Battalions (CHB)

2 Carrier Air Wings (CVWR)

- 4 Fighter Squadrons (VF)
- 6 Attack Squadrons (VA)
- 2 Light Photographic Squadrons (VFP)
- 2 Carrier Airborne Early Warning Squadrons (VAW)
- 2 Tactical Electronic Warfare Squadrons (VAQ)
- 2 Aerial Refueling Squadrons (VAK)

2 Patrol Wings (RESPATWING)

- 13 Patrol Squadrons (VP)

1 Tactical Support Wing (RESTACSUPWING)

- 9 Fleet Logistic Support Squadrons (VR)
- 2 Fleet Composite Squadrons (VC)
- 1 Tactical Electronic Warfare Squadron (VAQ)

1 Helicopter Wing (HELWING RES)

- 4 Helicopter Anti-submarine Squadrons (HS)
- 1 Helicopter Combat Support Squadron (HC)
- 2 Helicopter Attack (light) Squadrons (HAL)

The Naval Selected Reserve also contains approximately 2100 Reinforcing and Sustaining units organized and trained to provide support to the following programs:

- Submarine Forces
- Mine Forces
- Mobile Logistics Support Forces
- Surface Combatant Forces
- Air Forces
- Construction Forces
- Amphibious Forces
- Marine Corps
- Special Warfare Forces
- Major Fleet/Force Commands
- Unified/Joint Shore Commands
- Support of Allies
- Telecommunications
- Security Group
- Intelligence
- Oceanography
- Naval Control of Shipping
- Research
- Military Sealift
- Cargo Handling
- Bases and Stations
- Naval Material Command
- Air Systems
- Electronics Systems
- Facilities Engineering
- Sea Systems
- Civil Defense
- Supply Systems
- Merchant Marine
- Medical
- Training
- Personnel System
- Public Affairs
- Law
- Chaplain
- Selective Service

NAVAL RESERVE APPROPRIATIONS

The Naval Reserve is supported primarily by two appropriations; the Reserve Personnel, Navy (RPN) and the Operations & Maintenance Naval Reserve (O&MNR) appropriations. First, the Reserve Personnel, Navy appropriation.

Reserve Personnel, Navy

The Reserve Personnel, Navy (RPN) appropriation is divided into two budget activities. Budget Activity One provides funding for Unit and Individual Training. Budget Activity Two provides funding for other Training and Support including the Reserve Officer Candidate Program, Naval Reserve Officer Training Corps, Armed Forces Health Professions Scholarship Program, and the Navy Junior Reserve Officer Training Corps. The total Fiscal Year 1982 RPN appropriation request (as amended) is for $329.0 million in the direct program which includes $272.0 million for Budget Activity One and $57.0 million for Budget Activity Two.

The funding requested in Unit and Individual Training (Budget Activity One) will support an average strength of 87,305. This represents an increase of 213 over the FY 1981 authorized level of 87,092. This net increase is primarily the result of the establishment of an Individual Mobilization Augmentee (IMA) program and the associated transfer of 305 allocations for Training Category D into Budget Activity One. The remaining 87,000 average strength is for the Selected Reserve, that is, Ready Reserve personnel who are programmed to receive at least 48 paid drills and two weeks active duty training. Budget Activity Two (Other Training and Support) funds 208 Reservists on active duty at the headquarters level and an average strength of 87 of Reservists recalled to active duty under the 500 SELRES Recall Program as this recall program is phased out by the end of fiscal year 1982. These 295 active duty support personnel are also in-

cluded in the 87,600 total average strength requested in the FY 1982 Budget.

The FY 1982 Budget of $329.0 million is an increase of only $10.7 million (3.4%) over the RPN FY 1981 Budget of $318.3 million. It supports substantially the same program as last year's budget with minimal escalation in costs. Only one program change of note is included in the FY 1982 Budget. Officers who previously drilled in Training Category B (24 drills) will be transferred to Category A (48 Drills). All Enlisted personnel drill in Category A and the transfer of the 3,426 Officers who are currently in Category B will significantly increase mobilization training as well as eliminate the situation where 48 drill enlisted personnel are supervised by 24 drill officers.

Travel funding included in the FY 1982 Budget is based upon actual costs experienced in FY 1980 with a modest allowance for inflation. Barring cuts in the level of travel funding and unforeseen escalation in costs, the funding requested appears adequate to execute the Naval Reserve Training program for fiscal year 1982.

Operations and Maintenance, Navy Reserve

The other major appropriation which supports the Naval Reserve is the Operation and Maintenance, Navy Reserve (O&MNR) appropriation. The Naval Reserve is dependent upon funds in this appropriation for support of mission forces, depot maintenance, and other support. This includes funds for aircraft fuel, intermediate maintenance, repair parts and related support for the Naval Air Reserve Programs; operating funds and maintenance for Naval Reserve ships; depot level maintenance, and rework of aircraft, engines, and components for Naval Reserve aircraft; and headquarters and base support of all Naval Reserve activities under command of the Chief of Naval Reserve.

The funding requested for the O&MNR appropriation for FY 1982 (as amended) is $585.9 million which is a $33.4 million net increase over the FY 1981 funding level of $552.5 million. The overall program reflects a net "program growth" of minus $14.0 million and price growth of $47.4 million. For example, we will not be able to meet the Congressional Containment Policy of no further growth above the fiscal year 1978 year end level of the backlog of non-deferrable Maintenance and Repair, which was $20.7 million. The recent fire at the Los Angeles Reserve Center also added approximately $2 million to this requirement. Thereby, our non-deferrable maintenance and repair backlog for FY 82 is projected at over $24 million, or about $4 million above the containment level. The NRF ship steaming time per ship will remain virtually the same as in FY 1980 and as originally planned for FY 1981. While 16 days steaming per quarter are considered necessary for minimum required readiness, and 21 days are optimum, funding has constrained budgeting to 14 days per ship per quarter. The FY 1982 flying hour program remains at 85 percent of flight hour requirements. This posture is at parity with the active fleet and with FY 1981 levels.

Commencing in FY 1982 the Navy plans to introduce FF 1052 class ships into the Naval Reserve Force (NRF). Four FF-1052s will be transferred from the active fleet to the NRF in FY 1982. The eight remaining FRAM destroyers will be phased out based on a reasonable period since last overhaul, normally about two years.

The fiscal year 1981 supplemental request includes $21.1 million which is necessary to meet the increased funding requirements for fuel price increase, Reserve Force ships maintenance, and pay raises for civilian personnel. The fiscal year 1982 Budget request was amended by a net increase of $7.0 million which will accommodate the restoral of the four Helicopter Anti-submarine Warfare Squadrons (HS) and the two Helicopter Attack

(light) Squadrons (HAL), provide some additional Reserve ship maintenance, and reflect revised fuel price estimates.

SUMMARY

The past year has been a year of sustained progress for the Naval Reserve. We have continued to make improvements in the major areas of Personnel Capability, Mobilization Training, and Readiness Evaluation.

We will face challenges associated with reduced training opportunities as the result of continuing inflation and rising fuel costs, and possibly additional reductions in funds available for travel. Nevertheless, we are striving to make fiscal years 1981 and 1982 periods of additional achievement towards meeting our objective to "Sustain Improvement in the Naval Reserve." The Naval Reserve will remain a capable, effective and vital element of the total Navy Force.

I shall be happy to respond to any questions or to provide any additional information desired.

BIOGRAPHICAL SKETCH

REAR ADMIRAL FREDERICK F. PALMER, U.S. NAVY

Rear Admiral Frederick F. Palmer enlisted in the Naval Reserve in May of 1943 at Cleveland, Ohio. He served at Great Lakes, Illinois; as a Seaman Second Class at Ottumwa, Iowa; as a V-12 student at Alma, Michigan; and was graduated from the Naval Reserve Midshipman School in Chicago, Illinois. After commissioning, he served in the Pacific Destroyer USS OWENS (DD-536); Destroyer Escorts USS HAAS (DE-424) and USS DOUGLAS E. MONROE (DE-425) and as Billeting Officer at Great Lakes, Illinois.

In 1946 he left active duty and then studied for a year at the University of Michigan, next worked for his father who was a chemical engineer in Pontypriad, South Wales and Henderson, Nevada. In 1949 he became a commercial pilot in Las Vegas, Nevada, and drilled with the Naval Reserve Surface Unit. His two week active duty was spent in USS BEGOR (APD-127). Recalled to active duty in 1950, Lieutenant (Junior Grade) Palmer served as department head in USS ALFRED CUNNINGHAM (DD-752).

After Flight training he was ordered to VA-115 aboard USS KEARSARGE (CVA-33), where he served as Operations and Executive Officer, then interim Commanding Officer. Other sea duty assignments included: Executive Officer of VF-193 in USS BON HOMME RICHARD (CVA-31); Commanding Officer, VF-143 in USS CONSTELLATION (CVA-64); Commander Air Wing 14 in USS RANGER (CVA-61); Commanding Officer, USS RALEIGH (LPD-1); Commander Amphibious Squadron 2 in USS CHILTON (LPA-38) and USS SHREVEPORT (LPD-12); and Commander Amphibious Group 2 in USS MOUNT WHITNEY (LCC-20).

Admiral Palmer's shore assignments have included: Flight Instructor at Fleet All Weather Training Unit Pacific; Student at the General Line School, Monterey, California; Flight Instructor at the Jet Transitional Training Unit, Olathe, Kansas; Student at the U.S. Naval Postgraduate School, Monterey, California (B.S. Nautical Science); Systems Analyst, OPNAV; Student at the National War College and George Washington University (M.S. - International Affairs); Executive Assistant and Senior Aide, CINCPAC; Deputy Pers 2, BUPERS; and Commandant, FOURTH Naval District/Commander Naval Base Philadelphia.

He became Director of Naval Reserve, Chief of Naval Reserve, Commander Naval Air Reserve Force and Commandant of the EIGHTH Naval District on September 1, 1978.

Rear Admiral Palmer's personal awards include the Navy Cross, Silver Star, Legion of Merit, Distinguished Flying Cross, the Meritorious Service Medal, Air Medal, the Joint Service Commendation, plus seventeen other campaign, service and unit awards.

Rear Admiral Palmer is married to the former Vera Marie Osborn. They have two sons, Fred, Jr. and Jon.

PREPARED STATEMENT OF LT. GEN. EDWARD J. BRONARS

DEPUTY CHIEF OF STAFF FOR MANPOWER

U.S. MARINE CORPS

Mr. Chairman and Members of the Committee

I welcome this opportunity to appear before you to present the Marine Corps' manpower program and attendant appropriation request for fiscal year 1982. I will cover the funding and initiatives necessary to support our strength authorization request for the active and civilian components of our force. I will also discuss briefly some of the more important aspects of retention, recruiting, training, and other selected programs which directly affect the personnel readiness posture of the active Marine Corps. Major General George Crist, Deputy Chief of Staff for Reserve Affairs, will address separately the funding and initiatives associated with the Reserve Personnel Marine Corps Appropriation request.

The Military Personnel, Marine Corps Appropriation request of $2.8 billion provides for pay and allowances, subsistence, clothing and permanent change of station travel in support of 192,100 (190,037 manyears) active duty Marines. To support our 19,517 civilian personnel, we are requesting $400.9 million.

For comparison, our fiscal year 1981 manpower budget with appropriate supplemental adjustments and the fiscal year 1982 manpower requests are as follows:

Appropriation	($ In Millions) FY 1981	FY 1982
Military Personnel, Marine Corps		
Direct Program	2,670.9	2,807.9
Reimbursable Program	10.2	11.0
Total Program	2,681.1	2,818.9

	($ In Millions) FY 1981	FY 1982

Civilian Personnel, Total Program	392.5	400.9
Operation and Maintenance, Marine Corps 1/	360.6	366.6
Operation and Maintenance, Marine Corps Reserve	2.1	3.0
Marine Corps Industrial Fund	29.8	31.3

MISSION ORIENTATION

The assigned missions of the Marine Corps require a closely integrated force of combined arms that is maintained in a highly ready, combat capable posture for rapid response and deployment in support of national objectives. By integrating air and ground combat elements into an overall force structure, the Marine Corps maintains air and ground combat forces that live, work, and train together during peacetime and are prepared to go to war together when required. Heavy emphasis in training continues to be placed on tailoring precise combat capabilities into Marine Air-Ground Task Forces to ensure total flexibility for meeting the full range of potential wartime mission requirements. The world situation during the coming decade will require heavy reliance on the type of force in readiness capabilities that the Marine Corps provides. The requirement to maintain a high state of personnel readiness, both in terms of numbers and skills, is of fundamental importance.

FORCE CONCEPT

Our appropriation requests for active military and civilian personnel are required to provide the necessary combat capabilities in the operating forces and essential support capabilities at our bases and stations.

1/ Includes Foreign National Indirect Hire amounts of $63.1 and $66.9 for fiscal years 1981 and 1982, respectively.

The Active Force

While our basic three division-wing structure is defined in law, the personnel strength necessary to man the force is not. For fiscal year 1982, our increased active duty military strength reflects our continued determination to realize the benefits of our emphasis on quality in recruiting and retention over the past six years. The Marine Corps request for 190,037 manyears represents an increase of 1,469 over the revised fiscal year 1981 manyears of 188,568. This increased strength provides for a more fully manned structure, a higher state of personnel readiness, and enhanced capabilities for sustained operations. Based on experience thus far this fiscal year, I believe that the increased end strength and manyears are both feasible and achievable for 1982 and subsequent fiscal years.

Manpower Costs

Our direct program active manpower request for fiscal year 1982 is $2,807.9 million. This amount is $137 million higher than the supplemented fiscal year 1981 request. As indicated in the following table, the majority of the increase occurs in officer and enlisted pay and allowances to support the higher manyears. PCS costs also increase with the authority to reimburse individuals for a greater portion of expenses incurred in executing government directed orders.

FISCAL YEAR 1980 - 1982 MILITARY PERSONNEL, MARINE CORPS BUDGET
BY BUDGET ACTIVITY

Budget Activity	FY 1980 $ Mil	FY 1980 % of Total	FY 1981 $ Mil	FY 1981 % of Total	FY 1982 $ Mil	FY 1982 % of Total
1. Pay & Allowances of Officers	440.491	19.71	525.483	19.67	539.969	19.23
2. Pay & Allowances of Enlisted	1,518.895	67.95	1,798.714	67.35	1,864.805	66.41
4. Subsistence of Enlisted Personnel	158.937	7.11	182.714	6.84	196.751	7.01
5. Permanent Change of Station Travel	114.630	5.13	161.719	6.05	204.093	7.27
6. Other Military Personnel Cost	2.357	.10	2.220	.08	2.252	.08
Direct Program	2,235.310		2,670.850		2,807.870	
Reimbursable Program	9.103		10.219		11.036	
Total Program	2,244.413		2,681.069		2,818.906	

Officer Programs

The fiscal year 1982 officer strength of 18,301 (18,380 manyears) reflects an increase of 148 (198 manyears) from fiscal year 1981. Our average grade will maintain its historically low level of 2.879. We will also retain a very favorable officer-to-enlisted ratio of 1:9.5, the most austere among the Services.

A recent review of DOD general officer allocations conducted at the direction of Congress, reallocated spaces within the Department of Defense. The Marine Corps received a much needed increase of two general officers, thereby allowing us 68 generals to fill our billet requirement of 76.

Enlisted Programs

An enlisted force of 173,799 (171,657 manyears) an increase of 1,352 (1,271 manyears) from fiscal year 1981 is requested for fiscal year 1982. Most enlisted Marines are unmarried (67.7 percent), average 22.8 years of age, and hold a grade of midrange lance corporal. Eighty-five percent of the enlisted force are high school graduates. Within the enlisted force, however, personnel shortages continue to exist in our mid-career population caused primarily by an inability to retain sufficient numbers of experienced leaders and technically skilled NCOs and Staff NCOs between their 5th and 10th year of service. Difficulty in retaining experienced leaders and supervisory personnel in the 13th through 20th year of service is also a problem. These grade and year of service shortages impact directly on our inability to man many of our occupational fields at the required levels. Of the Marine Corps' 38 occupational fields, 15 are undermanned, and 8 of the 15 have less than 85 percent of their required strength.

The outlook, however, is good. Recent compensation initiatives and an expanded reenlistment bonus program have increased retention. If additional improvements in military compensation and benefits are provided along the lines requested by the Administration this year, then I am optimistic about the immediate future. Fiscal year 1980 saw a reduction in our non-EAS attrition and improvement in our overall retention rates, which resulted in our career force growing by some 3,000 enlisted Marines. With your continued support, I believe we can further enhance our personnel readiness in terms of both numbers and skills.

Permanent Change of Station (PCS)

Our ongoing Unit Deployment Program enters its fifth phase in fiscal year 1982. By replacing individual, 12 month, unaccompanied assignments with 6-8 month unit deployments from CONUS/Hawaii homebases, Western Pacific commitments are being met more efficiently and capably. The program has improved morale with fewer family PCS moves, reduced rotational PCS costs, decreased unit turbulence both at home and in the Western Pacific, and improved training readiness. As a result of this program and other management actions, PCS moves were reduced by 747 from fiscal year 1979 to fiscal year 1980 with planned reductions of 4,584 in fiscal year 1981 and 2,119 in fiscal year 1982.

A major irritant experienced by all service personnel during the execution of permanent change of station orders has been the significant out-of-pocket expenses incurred. This subsidy of the government on the part of the individual is totally unfair and particularly difficult to accept by uniformed personnel when the government provides much more liberal reimbursements to civilian federal employees who are transferred to new locations, as does the private civilian sector for their employees.

The actions of the 96th Congress to reduce certain financial burdens associated with PCS moves are appreciated and are hopefully directed toward establishing realistic reimbursements. The fiscal year 1982 request continues this trend by providing for reimbursement to the individual at the rate of 18.5 cents a mile travel and $45.00 a day per diem. The following chart outlines our PCS program.

Permanent Change of Station Travel
(In Thousands of Dollars)

	FY 1980 Actuals		FY 1981 Estimate		FY 1982 Estimate	
	# Moves	$	# Moves	$	# Moves	$
Accession	46,627	20,375	45,371	33,359	45,217	43,803
Training	5,315	3,902	5,315	5,283	4,550	5,946
Operational	10,408	11,972	10,659	16,386	10,459	19,689
Rotational	42,184	56,496	41,905	73,165	40,608	90,203
Separation	45,510	17,574	42,210	28,243	42,507	37,533
Unit	1,932	2,686	1,932	3,715	1,932	4,691
Non-Temp Storage		1,625		1,568		2,228
Reimbursables		936		1,012		1,012
Total Obligation		115,566		162,731		205,105
Reimbursable		936		1,012		1,012
Total Direct	151,976	$114,630	147,392	$161,719	145,273	$204,093

The PCS move program is designed to meet the operational and readiness requirements of the Marine Corps. As such, it is a cost of doing business and should be adequately funded to insure realistic reimbursements are provided. To this end, I support full reimbursement for expenses incurred by a service member moving himself, his family, and reestablishing a household in the process of carrying out government directed orders.

Civilian Personnel

Military and civilian manpower resources of the Marine Corps are integrated to provide maximum efficiency. Our policy is that civilian personnel shall be used to meet the personnel requirements of supporting activities to the maximum extent practicable, consistent with the requirements for use of military personnel by reason of law, training, security, discipline, rotation, and/or readiness. Our civilian personnel are employed in a variety of occupations, primarily to provide supporting services, continuity in operations, and specialized experience not otherwise available within our military structure.

For fiscal year 1982, we are requesting an end strength of 19,517 (19,014 workyears) direct and indirect-hire civilians. This request is essentially the same level as fiscal year 1981. While internal fluctuations continue to occur based on such considerations as contracting out and converting certain non-appropriated fund positions to civil service, our civilian force remains as austere as we can make it. Because of this, our flexibility is very limited, and any reductions in civilian workyears or end strength would have considerable impact on overall efficiency of operations and would likely have a detrimental effect on readiness.

RETENTION

The major manpower issue that we face in the immediate and foreseeable future is the retention of officer and enlisted personnel. As stated earlier, it is clear that this issue can be faced successfully only if military compensation and benefits are gradually increased to levels comparable to those available in the civilian sector. There is no question that the initial steps taken last year have been key to the inroads made in stemming the flow of personnel out of the military.

I am pleased to report that we experienced a drop in total officer attrition from 11.2 percent in fiscal year 1979 to 9.7 percent in fiscal year 1980.

Both the anticipation and realization of improved compensation as a result of Congressional action last year were critical factors influencing this positive trend. Although overall officer attrition is down, the pilot shortage continues to be a matter of some concern. The current deficiency of 502 naval aviators has been caused primarily by the combined effects of an inadequate Pilot Training Rate (PTR) and unexpectedly high attrition over several years. Since fiscal year 1975, 2,621 pilots have left the Marine Corps, while only 2,129 new pilots have been trained. I am happy to report that recent pilot retention has shown some improvement, and presently planned PTRs are being met. However, required training rates cannot be maintained if an adequate support base and sufficient numbers of reliable training aircraft are not provided. We join the Navy in seeking Congressional support for procuring and maintaining these assets.

During fiscal year 1980, we established high enlisted retention goals and concentrated reenlistment efforts on retaining second and third term Marines. This was an area in which we had previously experienced greatest difficulty. Increasing retention proved difficult because of a variety of factors, with the inadequacy of pay, the inadequacy of dependent health care, and frequent family separations heading the list. Although disappointed because we did not achieve our higher retention goals, some successes can be noted. We reenlisted a total number of Marines equal to fiscal year 1979 from a 5 percent smaller eligible population, and were heartened by the increased retention in both the midcareer force as well as in many highly technical occupational fields. Most importantly, 1,000 more personnel in fiscal year 1980 than in fiscal year 1979 reenlisted from the population that was coming to the end of active obligated service. This was one of the major factors that allowed us to request and receive additional funds in fiscal year 1980 to support the higher manyears.

Our retention goals for fiscal years 1981 and 1982 remain ambitious. The expanded Selective Reenlistment Bonus Program and other management initiatives developed at our Headquarters have further strengthened our reenlistment program. Preliminary results lead me to be optimistic about meeting our retention goals. High levels of retention must be sustained in the long term to satisfy manpower requirements in the face of an ever diminishing recruiting market. We are committed to improving our retention program and solicit your support for the necessary assets to accomplish this task.

Compensation

The fact that military pay since 1972 has lagged substantially behind every segment of the private sector has been the single biggest obstacle to attracting and retaining sufficient quality personnel in the uniformed services. Simply put, personnel were getting out because they could make more money in the private sector with fewer sacrifices. As the "first step", it is important that military compensation continue to be improved until pay levels are competitive with the civilian sector. Only then will our service personnel feel confident that a career in the military will provide a reasonable standard of living for themselves and their families. They need this sense of confidence in order to justify the personal and family sacrifices that a military career entails. Approval of the 5.3 percent pay raise requested by the administration in the fiscal year 1981 budget supplemental would be an important signal that the Congress is committed to providing fair compensation for all military personnel. This would give military personnel a sense of confidence that pay will be "fair" in comparison with what contemporaries are making in civilian life, and that personal and family financial hardship will not be one of the sacrifices they will have to make if they choose a career of serving their country in uniform.

Other Compensation Priorities

The Marine Corps supports an additional 25 percent increase in Aviation Continuation Incentive Pay (ACIP) to help overcome the existing shortage of 502 pilots which represents 13 percent of total requirements. Even with this increase and a consistent achievement of planned training rates, it is estimated that requirements for Marine pilots will not be satisfied until the late 1980's. We, therefore, intend to apply a pilot continuation bonus, if appropriated, to further enhance retention and, thus, satisfy requirements by the mid 1980's.

Special and incentive pays intended to attract volunteers to perform hazardous duties are set in law at a flat rate that has not been adjusted since being established, in some cases, 25-30 years ago. Similar deficiencies exist in several other special pay and allowances; e.g., Special Duty Assignment Pay designed to attract highly qualified volunteers to recruiting duty by reimbursing them for additional expenses incurred, and the Family Separation Allowance designed

to cover the additional expense of maintaining two households when a service member is required to serve overseas in an unaccompanied status. The rates for all of these long neglected special and incentive pays should be increased as proposed in legislation to compensate for inflation that has occurred since originally authorized.

Dependent health care remains a seriously deficient area. Shortages in military doctors and medical support personnel preclude adequate care at existing military medical facilities. There have been at least seven major studies on health care and CHAMPUS over the past eight years but few changes have been made to improve support or reduce the cost to the military family. The adequacy of health care for dependents is a primary consideration for uniformed personnel weighing the decision on whether or not to make the military a career. I believe any revision of the CHAMPUS program should also include provisions for dependent dental care, a clear cut ceiling on the potential cost to the member in cases of catastrophic illness or injury, and elimination of deductibles.

RECRUITING

Recruiting results in fiscal year 1980 exceeded our goals for both regular and reserve accessions, male and female, with 101.8 percent of total force quota being achieved. In addition, by the end of fiscal year 1980, 31 percent of fiscal year 1981 requirements were placed under contract in the Delayed Entry Program. In sum, fiscal year 1980 was a good recruiting year for the Marine Corps and placed us in the strongest posture for entering a new fiscal year since the inception of the All-Volunteer Force.

Success in Fiscal Year 1980

Several factors contributed to the success we enjoyed in recruiting during fiscal year 1980. The authority to assign an additional 350 recruiting personnel and the additional 4.2 million dollars for advertising and recruiter support were two such factors. The expeditious selection and training of these additional personnel allowed us to take advantage of the unusually good recruiting market conditions that developed. The increased advertising effort produced more qualified leads than ever before, and the latest survey shows that awareness of the Marine Corps among 18-21 year olds is higher than ever. We believe we are in a strong recruiting position for fiscal year 1981 and have the potential for further quality improvements through increased public service advertising and greater emphasis on the recruitment of community college students and graduates.

The Marine Corps' emphasis on higher quality is continuing to produce tangible benefits. Most important, of course, is an increase in the personnel readiness of the operating forces. The downward trend in the number of enlistees who fail to complete their enlistment continues, as do all other quality indicators, e.g.; unauthorized absence and desertion rates, confined population, and disciplinary rates. The resulting manpower efficiencies are significant. We are convinced that high school graduation remains the best single indicator of quality, and I am happy to report that for the third year in a row we have met or exceeded our goal of 75 percent high school graduates. Our goal for this year remains 75 percent, and indications are that it will be exceeded by a substantial margin.

These successes could not be achieved without the dedication and hard work of individual recruiters. Most work an average of 70-80 hours per week and some even exceed this. In acknowledging the individual recruiter's role, I take pride in recognizing their notable past achievements and absolute dedication to quality recruiting. However, they continue to be faced with one of the most demanding and difficult assignments for a Marine. Financial hardship and other personal and family sacrifices are still a very real part of recruiting duty.

As a result, only half of our recruiters volunteer for this arduous duty. We must continue to do everything possible to further improve the quality of life for recruiters. Funds appropriated by Congress last year for the 11.7 percent pay raise and the Variable Housing Allowance helped significantly to alleviate the financial burdens of many Marines.

The Bachelor Lease Housing Program, through which eligible personnel assigned to high cost areas are provided government leased housing, continues to satisfy fundamental needs that cannot be ignored. Recent surveys indicate an increased requirement of 72 quarters in fiscal year 1982 to support recruiting personnel stationed in geographic areas where adequate quarters cannot be reasonably obtained at prices commensurate with the combination of bachelor quarters and variable housing allowances.

Future Recruiting Concerns

While the Marine Corps is not pessimistic about the recruiting environment in the immediate future, there is good cause for expressing some concern about longer term prospects. It must be recognized that the high youth unemployment rate was a factor that contributed significantly to recent successes. High youth unemployment made the quality market available and, in effect, proved that the recruiting service could meet requirements if given the opportunity to compete with private industry. However, we may be riding the crest of a wave that might dissipate when the economy improves.

Furthermore, qualified military availables will decline by approximately 2 percent each year. The private sector, federal, state and local governments, and higher educational institutions will be competing for an ever more limited population.

In summary, it is clear that military compensation and benefit levels which are competitive with the private sector will be required to sustain recruiting success in the 1980's. New enlistment incentives, competitive pay and educational benefits will be required if manpower requirements of the uniformed services are to be satisfied under the All-Volunteer Force concept.

TRAINING

Our budget provides for 18,825 manyears for individual training of the active force. This represents a one percent decrease from fiscal year 1981 and illustrates our commitment to achieving economies in our training while improving the quality and readiness of our force.

Recruit Training

Recruit training will continue to provide a demanding and challenging curriculum designed to prepare a young man or woman for duty as a Marine. The male recruit training program has remained essentially unchanged over the past two years and continues to be oriented primarily toward duty in the operating forces. The separate training program for women recruits has undergone changes to better prepare women Marines for possible assignment to support units within the Fleet Marine Forces. These changes have added marksmanship and weapons training, instruction on field soldiering and defensive tactics to the curriculum.

Specialized Skill Training

Specialized skill training continues to rely to the maximum extent possible on formal schools operated by the other Services. This saves significant manpower overhead and results in more efficient utilization of already existing training facilities of the other Services. Within the Marine Corps, a concerted effort is being made to take advantage of advanced techniques (e.g., computer assisted training) to reduce training time and achieve desired skill levels necessary for manning and maintaining increasingly sophisticated equipment. Additionally, the Marine Corps has revised the training program for communications maintenance personnel to preclude early acquisition of marketable skills by first term Marines. This pilot effort is designed to provide first term Marines with the necessary skills for initial assignments to organizational maintenance duties while relying on follow-on professional training to prepare career oriented Marines for higher level maintenance duties at combat service support units and rework facilities. This long overdue approach to skill training is expected to reduce the exodus of highly skilled personnel before any meaningful benefit can be gained from long and costly training programs.

Aviation Training

Fiscal year 1980 saw a favorable turnaround in pilot training rates (PTR) at the Naval Air Training Command. Compared to fiscal year 1979 when a PTR shortfall of 217 pilots occurred, fiscal year 1980 saw the planned PTR of 450 being exceeded by 45. PTR plans through fiscal year 1986 call for the graduation of 500 Marine pilots annually.

MANAGEMENT OF HUMAN RESOURCES

Reducing the Absentee/Deserter Population

Emphasis on decreasing the deserter-at-large population continues. An excellent working relationship has been established with civil law enforcement agencies throughout the Country. We are sincerely encouraged by the cooperation from local officials whose efforts account for the majority of deserter apprehensions.

Family Service Centers

Family Service Centers that were in the planning stage at this time last year are now a reality. Centers have been activated at 16 major Marine Corps commands. Marines not located at major commands have access to this program through the use of a toll-free telephone referral service. The Family Service Centers provide valuable information, guidance, counselling, and referral assistance to Marines and their families when facing financial difficulty and other equally pressing problems. These centers consolidate Marine sponsored services and provide responsive access to available federal, state, and local programs.

Drug and Alcohol Abuse Prevention

We continue to emphasize early identification, treatment, and rehabilitation of Marines experiencing substance abuse problems. This effort has met with considerable success in terms of the high percentage of Marines who are returned to full duty. By combining this rehabilitation effort with an aggressive prevention program of training and education, a slight downward trend in the overall incidence of substance abuse has been achieved.

Morale, Welfare and Recreation (MWR) Activities

I remain concerned about deficiencies in MWR programs which have an important effect on overall retention success. In my opinion, existing constraints on the use of appropriated funds for MWR facility construction are too stringent. As a result, heavy reliance must be placed on the use of limited nonappropriated funds to meet construction requirements. This, in turn, severely restricts the scope of MWR programs and activities. The constraints placed on the assignment of military personnel to support MWR activities simply compounds the problem by requiring an additional expenditure of nonappropriated funds to hire civilian personnel.

CONCLUSION

In summary, the Marine Corps expects to meet manpower requirements with quality personnel during fiscal years 1981 and 1982. We are convinced that the All-Volunteer Force can be sustained in the foreseeable future if military compensation and benefit levels are increased sufficiently to be competitive with the private sector. We solicit your strong support for the necessary improvements to achieve this goal.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to any questions you may have.

Biographical Sketch

LIEUTENANT GENERAL EDWARD J. BRONARS, USMC

Lieutenant General Edward J. Bronars is the Deputy Chief of Staff for Manpower, Headquarters Marine Corps, Washington, D.C.

General Bronars was born April 12, 1927, in Chicago, Ill., and completed Holy Trinity High School there in 1944. He attended Illinois State (Normal) University and the University of Illinois prior to entering the U.S. Naval Academy in 1946 and graduating in 1950. General Bronars is also a graduate of the National War College (1969) and earned a master's degree in International Relations from George Washington University. In addition, he attended the Basic School, Quantico, Va., in 1950; the Naval Language School (Russian) in Washington, D.C., in 1952; a Foreign Area Study Program (Russian) during 1955-57; and the Amphibious Warfare School, at Quantico, from August 1963 to May 1964.

Following Basic School, General Bronars' tours of duty include service as a platoon leader with the 3d Battalion, 8th Marines; company commander with the 2d Battalion, 2d Marines; S-3 officer with the 5th Marines in Korea; Instructor and Platoon Commander at the Basic School; Assistant Naval Attache, Belgrade, Yugoslavia; and Intelligence Officer with the G-2 Division, Fleet Marine Force, Atlantic.

In Vietnam, he served successively as a Senior Advisor, Rung Sat Special Zone; Commanding Officer of BLT 3/5 and the 3d Battalion, 5th Marines; Assistant Chief of Staff, G-3, Task Force X-Ray; and Commanding Officer, 3d Battalion, 7th Marines.

Returning from overseas, he was assigned as Plans Officer and Analyst, G-2 Division, Headquarters Marine Corps, and served subsequently as Plans Officer, Joint Planning Group, Headquarters Marine Corps; Commanding Officer of the 1st Marine Regiment; and Assistant Chief of Staff, G-3, 1st Marine Division.

He then served as Chief, Surface Operations and Plans Division, Assistant Chief of Staff, J-3, U.S. Support Activities Group, Thailand, prior to being promoted to brigadier general on August 21, 1974. Following his advancement to that grade, he served as Commanding General, Landing Force Training Command, Atlantic, Norfolk, Va. He was assigned duty as Deputy Chief of Staff for Requirements and Programs, Headquarters Marine Corps, Washington, D.C., in June 1975, and was advanced to major general on February 26, 1976.

In May 1978, General Bronars was assigned duty as the Commanding General, 2d Marine Division, Camp Lejeune, N.C. He was promoted to lieutenant general on July 1, 1979, and assumed his current assignment as the Deputy Chief of Staff for Manpower, Headquarters Marine Corps.

General Bronars' personal awards and decorations include the Silver Star Medal, the Legion of Merit with Combat "V" and gold star in lieu of a second award, the Bronze Star Medal with Combat "V" and gold star in lieu of a second award, two Air Medals, the Joint Service Commendation Medal and the Navy Commendation Medal with Combat "V". Lieutenant General Bronars and his wife, the former Dorothea R. Bates of Louisville, Kentucky, have two children, Barbara and Bruce.

Prepared Statement of Maj. Gen. G. B. Crist

Deputy Chief of Staff for Reserve Affairs

Mr. Chairman, distinguished members of the Committee: It is a privilege to appear before this committee to present the annual report on the posture of the Marine Corps Reserve.

A responsive, ready Marine Corps Reserve is essential for the Marine Corps to meet the totality of wartime requirements. The 94,000 active Reserve represents 33 percent of the total available Marine Corps manpower and therefore plays a significant role in all facets of contingency planning. This statement is my assessment of the capability of the Marine Corps Reserve to meet this challenge.

MISSION

The mission of the Reserve is to provide trained units and qualified individuals available for active duty in time of war or national emergency. Within the Total Force Policy the most probable employment roles of the Reserve would be to: (1) provide trained units to selectively augment and reinforce the active forces in order to field three Marine Amphibious Forces at full wartime strength; (2) provide qualified individuals to fill shortfalls in active and Reserve units and expand the supporting base to meet wartime contingency requirements; (3) provide a Marine Amphibious Brigade or, if augmentation/reinforcement is not ordered, a 4th Division/Wing Team, and (4) provide a nucleus for reconstitution of a fourth Division and Wing.

It is the capability to perform these missions against which the readiness of the Marine Corps Reserve must be measured.

SELECTED MARINE CORPS RESERVE

The cutting edge of the Marine Corps Reserve is the Selected Marine Corps (SMCR). The preponderance of the SMCR consists of the 4th Division, the 4th Marine Aircraft Wing (MAW) and the 4th Force Service Support Group (FSSG).

Located in 45 states at 177 sites, the Division/Wing Team (DWT) is a balanced force of combat (35 percent), combat support (39 percent), combat service support (24 percent) and staff (2 percent). The population is similarly well balanced. The ratio of officers to enlisted is 1:12. Officers make up 8 percent of the population with 59 percent of the officers captains or below. On the enlisted side, 73 percent of the personnel are sergeant or below. The enlisted population is, however, imbalanced by a 28 percent shortage in the top five pay grades.

The SMCR has continued to show steady improvement over the past year. From a low of 29,306 in Fiscal Year 1976, the SMCR end strength climbed to 35,449 in Fiscal Year 1980; 105 percent of the figure forecasted in the budget and the fourth consecutive year of growth. Three factors contribute to the increase: (1) increase non prior recruiting, (2) higher retention and (3) lower initial training attrition.

- Fiscal Year 1980 was a positive year for non prior service recruiting. In the six years from Fiscal Year 1974 through Fiscal Year 1979 recruiting accessions only averaged 95 percent of the goal. In Fiscal Year 1980, however, this figure jumped to 104 percent of the quota, resulting in a Fiscal Year 1980 end strength increase of 1,782 over the figure forecase in the budget. This momentum has continued through the first quarter of Fiscal Year 1981 with 103 percent of the three month quota obtained. While economic conditions are certainly an underlying factor, the effect of an intensified recruting effort during the year also contributed greatly. Since non prior service reservists are recruited under a Total Force recruiting program, the addition of 350 full-time active duty recruiters to the regular Marine Corps recruiting service had a direct effect on increased Reserve accessions.

- First term reenlistments have risen from 16 percent in Fiscal Year 1977 to 52 percent in Fiscal Year 1980. This rate is even more dramatic when compared to an average first term reenlistment rate of 22 percent over the previous five fiscal years and the fact that the Fiscal Year 1980 result was 12 percent higher than anticipated. Career reenlistments also held up well, ending Fiscal Year 1980 at 86 percent. Again, these trends are holding through the first quarter of Fiscal Year 1981 with first term reenlistment running at 52 percent and career at 95 percent.

- Attrition during Initial Active Duty for Training (IADT) has shown a favorable drop from 20 percent in Fiscal Year 1977 to 12 percent in Fiscal Year 1980. This is attributable primarily to the increasing quality of the Reserve recruits.

Quality is indeed improving. In Fiscal Year 1980, 76 percent of the non prior service accessions were high school graduates as compared to 50 percent in 1975. Overall, the SMCR population contains 76 percent high school graduates and 14 percent have two or more years of college. Minorities comprise 28 percent and women three percent.

For Fiscal Years 1981 and 1982, I expect these trends to continue. We are now forecasting a Fiscal Year 1982 unit end strength of 37,157 (36,262 average strength). This would be an increase of 3,760 over the estimate submitted to Congress a year ago. The ability to reach this projection is due in no small part to the continuing Congressional support for increased end strength and the appropriations for those elements necessary to make it so.

These positive trends have been offset somewhat by high non end of obligated service attrition, low prior service recruiting and skill shortages.

- Non end of obligated service losses are averaging 1,849 per year which equates to an average loss rate since Fiscal Year 1977 of 5.6 percent. In Fiscal Year 1980, non end of obligated service losses amounted to 2,568 for 6.1 percent rate. A recent study indicates that the majority of these losses occur either immediately after a reservist returns from IADT or at the 12 or 24 month milestones in the enlistment. The primary reasons for this attrition were found to be a lack of identity between the Reserve enlisted and the parent SMCR unit and a perception that inactive duty training (drill) was repetitive, dull and unimaginative. Actions being taken to ameliorate these problems are: (1) a new entry level training and tracking system for Reserve recruits; (2) a SMCR unit sponsorship program and (3) emphasis on the conduct of inactive duty training away from home sites. The new entry level training and tracking system and the sponsorship program were developed from study findings which attributed part of the attrition to weaknesses in the decentralized management of IADT. Interviews with the recruits indicated less than 50 percent knew which Reserve unit they belonged to, where they would receive initial skill training and how long they would be on active duty. Selected Marine Corps Reserve units, on the other hand, were unable to monitor the progress of their enlistees through Initial Training. A centrally managed Reserve Entry level Training and Tracking System has now been instituted. Direct communication channels have been opened and reinforced between the recruiting service, SMCR units, training commands and Headquarters Marine Corps. The sponsorship program "marries up" the non prior service individual with his/her unit at time of initial contracting, ensures communications between the unit and the individual during recruit and initial skill training and provides assistance from a unit member on a one-to-one basis during the first few drills after returning from active duty training.

- Fiscal Year 1980 was the third consecutive year in which prior service recruiting goals were not met, despite reducing the quota in each of those years. Over the past five years only 87 percent of the quota has been obtained. This has resulted in a net decline of seven percent in the SMCR prior service population over the past three years. The mix of prior/non prior in the SMCR is essentially dictated by the ranks and skills required in the 4th DWT structure. As a result, approximately 30 percent of the force must be prior service Marines in order to ensure the resident maturity, grade balance and technical expertise to accomplish assigned missions. Presently, only 72 percent of the prior service requirement in on board. Should this negative trend be allowed to continue, the prior service population is projected to decline to 50 percent of the requirement by Fiscal Year 1984. Passive recruiting has not worked. We are developing a comprehensive prior service recruiting program, to reverse this unacceptable situation, which includes trained, full-time Reserve recruiters, a comprehensive referral system, inducements, advertising, logistic/administrative support, centralized management and a rapid reporting-feedback system. Funding to support this program is included in the Fiscal Year 1981 supplemental and the Fiscal Year 1982 amendment.

- Within the SMCR, personnel readiness is degraded as a result of Military Occupational Specialty (MOS) match/quantitive shortfalls in critical skills. Examples of MOS shortfalls are: infantry, artillery, data/communications, supply, air control and aviation ordnance. Actions being taken to improve MOS match and reduce critical skill shortfalls include: offering enlistment and retention bonuses for critical skills; increasing formal training school quotas; increasing short course training during annual training duty; and instituting centralized management of all non prior service input to ensure the MOS assigned is required by the unit Table of Organizaton.

UNIT READINESS

Readiness and response of the Selected Reserve units is good, but there are some areas which require improvement. Readiness is evaluated by the same standards as the active forces: Unit Status and Identity Report (UNITREP); Marine Corps Combat Readiness Evaluation System (MCCRES) and field exercises. These are supplemented by Reserve peculiar evaluations: Mobilization Operational Readiness Deployment Tests (MORDTs) and annual drill.

When the reporting standards shifted from Force Status and Identity Report (FORSTAT) to UNITREP in April 1980, the readiness ratings of many individual SMCR units declined. The major reason for the decline was the change in the standard criteria for area resource ratings. The UNITREP system compares each unit's currently available personnel and equipment to that unit's wartime personnel and equipment requirements vice peacetime authorizations computed under FORSTAT. As of end Fiscal Year 1980, more than half of the SMCR units were reporting major degradations in readiness primarily due to personnel shortages. However, the picture is beginning to improve. During Fiscal Year 1980 there was a 16 percent increase in the readiness status of our units and the first quarter Fiscal Year 1981 saw an additional four percent increase. Skill shortages, however, remain a problem. Over one third of the units are reporting degraded readiness for this reason. A solution to this problem appears to lie in attracting prior service personnel, as previously mentioned.

The Marine Corps Combat Readiness Evaluation System and MORDT offer dynamic vehicles to measure unit readiness through evaluation of actual unit performance under realistic conditions.

Under MCCRES, using identical evaluation standards as applied to like Regular units, 70 percent of the Reserve units tested were rated combat ready. All aviation units were combat ready and a Reserve F-4 squadron from Dallas, Texas was adjuded one of the best in the Marine Corps, active or Reserve. The ground units needed improvement in command and control and fire support coordination at the battalion level. This is a function of geographical dispersion until units come together for annual training. Thus far in Fiscal Year 1981, the 4th MAW has conducted two MCCRES evaluations. Both units were rated combat ready. The 4th Marine Division will increase MCCRES evaluations by 16 percent this fiscal year.

Mobilization Operational Readiness Deployment Tests provide a measureable indicator of SMCR unit mobilization response through evaluation of those actions essential to the mobilization process; ministration and logistic readiness, emergency recall and embarktion procedures. Mobilization Operational Readiness Deployment Tests results in Fiscal Year 1980 reflected an increase in mobilization readiness. One hundred and eighteen 4th Marine Division units received MORDTs during Fiscal Year 1980, an increase of 180 percent over Fiscal Year 1979. Fourth Division units readiness showed marked improvement. Whereas 7.1 percent and 4.7 percent were evaluated not combat ready in administration and logistics respectively in Fiscal Year 1979, these figures dropped to .8 percent in each area in Fiscal Year 1980. Fourth MAW units showed similar results. In Fiscal Year 1979, 7.6 percent of the units tested were not combat ready. In Fiscal Year 1980 only four percent were judged not ready. Based on these exercises, we are reasonably confident that SMCR units can be mobilized at their Station of Initial Assignment (SIA) within two to four days of notification. The average show rate is over 87 percent of the unit strength. This is very satisfying considering the MORDT procedure is to notify the unit on Wednesday of the mission to deploy on Friday, conduct a field exercise and return to the Training Center on Sunday.

Exercises provide yet another means of evaluating readiness. During Fiscal Year 1980, 14,382 reservists particiated in 13 major training exercises. These ranged from exercises under NATO with

Regular Marine Forces in Norway and Turkey to a combined arms Reserve Marine Amphibious Brigade exercise in the high desert at Twentynine Palms. Nearly 4,000 reservists participated in five joint exercises with our sister Services. Over 6,000 Reserve Marines participated alongside active units in three Marine Corps exercises. Another 3,300 reservists received specialized unit training such as amphibious, mountain, jungle and cold weather warfare operations. In Fiscal Year 1981, 15,400 reservists are scheduled to participate in 11 major exercises.

While not as obvious as other evaluative standards, unit drill attendance is another measure of readiness. Drill participation rates are showing an increase. The rates for Fiscal Year 1980 were 99 percent for officers and 87 percent for enlisted, an increase of three and five percent respectively since Fiscal Year 1978. In an effort to make unit drill more meaningful, we were able to fund weekend training away from home stations for 193 units using National Guard, Reserve and active facilities. The ability to train away from home stations provided a real boost in readiness by augmenting annual training through mission oriented exercises such as a cold weather field exercise at Camp Ripley, Minnesota and a dissimilar air combat exercise at Tyndall Air Force Base, Florida.

In addition, the active forces contribute directly to the maintenance of unit readiness through support of reserve unit training. For example, during Fiscal Year 80 twenty mobile training teams from the Landing Force Training Commands provided instruction to 30 reserve unit (632 personnel) during Inactive Duty Training Drills. The number of regular mobile training teams to be utilized in Fiscal Year 81 will be increased to 23. During annual training, 127 active units hosted reserve counterpart units and assisted in field training and instruction.

LOGISTIC READINESS

SMCR units possess only that amount of equipment necessary to meet their training requirements. This training allowance represents about 45 percent of the total equipment authorized by unit Tables of Equipment.

The remaining authorized equipment is programmed to be held in a protected status at the Marine Corps Logistics Bases, Albany, Georgia and Barstow, California. Although the equipment held by Reserve units as a training allowance does allow the SMCR units to meet training requirements, the status of assets held in protected stocks is less than desired.

- The supportability test for Exercise PROUD SPIRIT revealed there is a $171 million deficiency in principal end items (initial issue and mount out) required to fill out the SMCR units to full wartime equipment allowances upon mobilization. This equates to an overall shortage of approximately 33.5 percent in principal end items. There was also a deficiency of 51 percent or $7 million for repair parts to support a full wartime Table of Equipment upon mobilization. The correction of these deficiencies is considered within the overall plan for attainment of Marine Corps inventory objectives. Included in the Fiscal Year 1982 budget amendment is funding to bring NBC equipment up from the current 10 percent of requirement to about 50 percent. Reserve requirements are also reflected in the increased Fiscal Year 1982 budget for Marine Corps War Reserve material. In addition, the Fiscal Year 1982 amendment provides for the initiation of a phased modernization program for the Reserve ground forces to keep pace with the active forces.

Project HAIL is the Chief of Naval Opeerations Special War Reserve Program to support the 4th DWT with medical, dental and aviation parts and equipment (0-90th day upon mobilization). Due to insufficient funding, deficiencies exist in the aviation peculiar items and the medical and dental support items. Steps are underway to determine and prioritize initiatives to alleviate deficiencies for further submission during the budget cycle.

An agining inventory of aviation assets is also a very real concern. With the exception of UH-1N helicopeters all the aircraft are Vietnam or pre-Vietnam vintage. The average age of the attack aircraft is between 13 and 17 years. Fighters average 14 years of age and transport helicopters average 13 years in age. These aging aircraft require increased maintenance time which limits the amount of combat readiness training that can be accomplished. For example, the average Fleet wide Direct Maintenance Man Hour/Flight Hour (DMMH/FH) expended to maintain the F-4S is 40.3 as compared to 53.7 for the F-4N in the 4th MAW. For transport aircraft, the comparison is 15.2 man hours for the KC-130R in the Fleet versus 25.9 for the

KC-130F in the 4th MAW. Additionally, Reserve C-130, AH-1 and OV-10 squadron readiness is permanently degraded due to insufficient aircraft available to bring them to full authorization.

A modest modernization program has been proposed. Included in the Fiscal Year 1982 amendment is funding for the introduction of an EA-6A squadron. In the future, we hope to add another F-4 squadron plus additional KC-130s, AH-1S and OV-10s which will bring our Reserve squadrons to a fully combat ready equipment status. Adequate F-4, AH-1 and OV-10 aircraft assets are projected to be available in the outyears to support this modernization and capability enhancement, but KC-130 procurement will be required to achieve our goals in this critically short aerial refueler/intra-theatre transport area.

The lack of an automated data processing system at the SMCR unit level to support administration, training, supply accounting, maintenance, mobilization and to achieve compatability with active forces has been redressed in the budget. Acquisition of this capability will substantially alleviate General Accounting Office and Defense Audit Service criticism of the manpower, pay and training management systems in the SMCR.

Adequate training facilities are essential to maintain readiness. Efforts are being taken to upgrade homesites to satisfy minimum training requirements, maintenance to sustain building life, adequate security and an acceptable quality of life standard for the occupants. Actions to improve habitability and eliminate maintenance backlog are included in the Fiscal Year 1982 amendment. Construction is programmed or underway to replace 13 aged centers by 1985. In addition, 46 facilities are in need of total replacement/renovation. The latter projects are unfunded at this time.

INDIVIDUAL MOBILIZATION AUGMENTEES

Individual Mobilization Augmentees are members of the SMCR who are in a paid drill status, but not members of the 4th DWT. These are individuals who are preassigned to mobilization billets which must be filled on or shortly after M-Day and whose mobilization duties are of such a nature that the individuals must be availalbe immediately upon mobilization and mandatory training assemblies and annual training is required. Although not under this appellation, the Marine Corps has had such a program in effect since 1976. Individuals are preassigned to external billets such as CINC staffs, the Selected Service System. Naval Readiness Commands and Naval Reserve Mobile Construction Battalions and, internally to headquarters staffs and communication units.

Lessons learned from the last mobilization exercise, PROUD SPIRIT, have clearly identified the need for a greater number of trained, readily mobilizable individuals to fill billets throughout the Marine Corps which will be critical at the outset of mobilization during a contingency or war. Following Department of Defense guidance, the plan is to preassign and train these individuals in their mobilizaiton assignments utilizing training assemblies and/or annual training. The present base of 236 IMAs is projected to expand by 700 during Fiscal Year 1982. Examples of locations where IMA's will be assigned include Fleet Marine Force staffs, Operation Centers, mobilization processing centers, recruit depots, schools, and the like.

THE INDIVIDUAL READY RESERVE

Should mobilization be ordered, the prime source of individual fillers for active and Reserve units will be the Individual Ready Reserve (IRR) which constitutes approximately 60 percent of the Ready Reserve. The IRR is a viable source of pretrained manpower to provide qualified individual reservists to bring the active Fleet Marine Force, SMCR units and base support activities to wartime strengths. As of the end of first quarter, Fiscal Year 1981, the IRR had 3,856 officers and 51,070 enlisted for a total population of 54,926. Strength is projected to increase to approximately 57,800 by end Fiscal Year 1984. This increase is a function of increased accessions in the active force, Department of Defense direction to transfer SMCR substandard performers into the IRR vice the Standby Reserve, and the effects, as yet unquantified, of the new IRR bonus.

Overall, the population is healthy. More than 50 percent have been off active duty less than a year. Sixty-one percent of the officers are captains and below while 96 percent of the enlisted are sergeant and below. There is, therefore, sufficient aggregate strength to meet the wartime requirements of approximatrely 2.5 thousand by M+10 and over 40 thousdand by M+30.

The Marine Corps must assure that the IRR is continually categorized, trained and available to meet all mobilization requirements. At the present time, the IRR is not adequately grouped, for manage-

ment and training purposes, to assure availability of the proper mix of trained personnel to meet wartime requirements. Further, the Marine Corps Reserve lacks an adequate management organization to manage and insure the mobilizaiton readiness of individual reservists. These are critical defects as increasingly stringent mobilization response parameters necessitate the attainment of a higher individual Reserve response posture.

Recognizing these deficiencies, a comprehensive program has been initiated and the necessary funding included in the Fiscal Year 1982 amendment.

Pursuant to DOD guidance to establish individual Reserve management programs, an organizational structure consisting of personnel, facilities and equipment will be established to receive, administer, assign, train and discharge individual reservists. Integral to this management organization is an ADP capability to support the administration, pay and pre-mobilization assignment of selected individual reservists during peacetime and adeuqate system support for the mobilization of pretrained individual reservists during contingency or war.

Another innovation, being undertaken in respone to DOD guidance to identify positions requiring early IRR fill and preassign IRR members to these positions, is to categorize as mobilizaiton designees selected members of the IRR who will be needed at or shortly after mobilization. Where possible these mobilization designees will be grouped into Reserve Augmentation Units (RAUs) for ease of administration, training, and call up. Examples of the purposes for which RAUs would be formed are: establishment of mobilization processing centers and stations; and training and supporting base augmentation.

The first steps to implement this concept are already being taken. The Mobilization Station Program is one which has been considerably refined during the past fiscal year. Conceptually developed in Fiscal Year 1979, the Mobilization Station Program proved in Nifty Nugget to be a viable and valuable tool in the mobilizaiton process. Established at 50 mobilization/Reserve training centers, the stations will function as decentralized personnel processing activities for individual reservists, former service and retired personnel prior to their being assigned to active duty and transfered to a SIA.

The current 150 Mobilization Training Units (MTUs) will also undergo a reorganization in line with this concept. The present mission of these units is to increase and maintain mobilization readiness of certain members of the IRR. This mission will be redirected to coincide with that of the RAUs. Eventually, they will all be converted to RAUs with individual membership consisting of Individual Mobilization Augmentees and/or IRR mobilization designees. This transition process has started with the conversion of MTUs to RAUs supporting Mobilization Processing Centers.

Concurrently, Reserve Counterpart Training (RCT) and specialized skill refresher training are being expanded. These programs are designed to prepare individual reservists for mobilization assignments by placing them alongside active duty counterparts at Fleet Marine Force units, posts and stations throughout the United States. These programs have been exceptionally well received by both host commands and individual reservists. Nearly 1,500 officers and enlisted are programmed for participation this year; over twice the number during Fiscal YEar 1980. These programs will eventually evolve into the medium through which mobilization designees are trained, thereby ensuring these individuals possess the necessary skill level to perform in their mobilization billets.

An encouraging by-product of the RCT program has been an increasing number of requests for individual reservists to augment regular tactical headquarters during large exercises. Individual reservists participated in a Rapid Deployment Joint Task Force exercise with I Marine Amphibious Force, a III Marine Amphibious Force exercise in Korea, and a regimental firing exercise at Fort Bragg, North Carolina. This type of employment affords a unique opportunity to assist the regular Mairne Corps in the full spirit of Total Force while providing excellent premobilizaiton training to the reservists involved.

FULL-TIME SUPPORT

There is a greater need for full-time support personnel. The Marine Corps already contributes 4,435 active duty officers and enlisted to the Reserve component. This is a significant and visible manifestation of the Marine Corps' commitment to the Total Force. On the other hand, in a time of competing demands for

skilled personnel, there is a finite limit to full-time active duty support. For this reason, we intend to make use, for the first time, of the provisions of Section 672(d)/678, Title 10, USC to bring on active duty full-time Reserve support personnel to assist the regulars in organizing, recruiting, instructing and training the Reserve component. The addition of 66 full-time personnel in Fiscal Year 1981 and 380 in Fiscal Year 1982, beyond the 67 now authorized under Section 265, Title 10, USC, will permit the realization of these readiness enhancement measures previously described. Not to do so would be tantamount to artifically capping the expansion and mobilization potential of the Reserve.

THE BUDGET

The Fiscal Year 1982 Reserve budget requests of $179.2 million have been formulated to continue improvement in mobilization readiness by concentrating on those problem areas previously discussed and to support an SMCR end strength of 38,540 (37,600 average strength).

The Reserve budget is relatively austere. It represents only 3.0 percent of the overall Marine Corps; a decline from 3.4 percent from Fiscal Year 1981. Real growth averaged two percent from Fiscal Year 1978-1980 with an increased of 10 percent from Fiscal Year 1981, when the proposed program supplemental is included. In Fiscal Year 1982, the amended budget projects an increase of 11 percent.

For comparison, the Fiscal Year 1981 budget and Fiscal Year 1982 request are displayed by appropriation in Table I.

TABLE I

($ in millions)

APPROPRIATION	REVISED FISCAL YEAR 1981	AMENDED FISCAL YEAR 1982
Reserve Personnel Marine Corps (RPMC)	120.4	138.9
Operation & Maintenance, Marine Corps Reserve (O&MMCR)	28.9	40.3
TOTAL	149.3	179.2

FISCAL YEAR 1981 SUPPLEMENT

RPMC

The RPMC Fiscal Year 1981 amount of $120.4 million, displayed in Table I contains a $17.6 million supplemental request comprised of the following elements: (1) $9.3 million for the Fiscal Year 1981 military pay raise of 11.7 percent; (2) $5.2 million program supplemental to support the carry over into Fiscal Year 1981 of the 1,782 personnel end strength increase realized in Fiscal Year 1980. This equates to a revised SMCR Fiscal Year 1981 end strength of 36,653, an increase of 2,974 (average strength 2,149) over the initial estimate for Fiscal Year 1981; (3) $1.8 million to restore the obligated/unexpended balance reduction imposed in the Fiscal Year 1981 Congressional Markup; (4) $.4 million additional to fund the industrial fund rate increase of 23 percent for military air transportation (MAC) in support of annual training duty travel and (5) $1.0 million for 66 additional full-time Reserve support (FTS) Reserve support (FTS) personnel above the currently authorized 67. This requires a new authorizaiton of 133 FTS Reserve Support Personnel.

The foregoing totals 17.7 million. This has been reduced by $.1 million for travel reductions, efficiencies and economy savings.

O&MMCR

The O&MMCR Fiscal Year 1981 amount of $28.9 million displayed in Table I contains a supplemental of $.2 million for civilian personnel pay raise. The supplemental has been offset by $.2 million for economies, efficiencies and management reductions.

FISCAL YEAR 1982 BUDGET

RPMC

The Fiscal Year 1982 RPMC Appropriation Amended Budget request of $138.9 million will support funding requirements for pay and allowances, subsistence, clothing and travel for unit and individual training and for other training support.

This budget contains an additional $12.4 million to accommodate the planned SMCR end strength increase of 1,887 personnel which will result in a revised SMCR end strength of 38,540 (37,600 average strength). This will do much to improve

the UNITREP personnel readiness picture.

Other significant programs to improve readiness enhancement are: (1) $2.1 million for additional annual training duty travel/per diem to permit more SMCR units to conduct annual active duty training at varied locations, thereby realizing greater realism and less repetitiveness in the conduct of mobilization mission training (2) $.955 million to expand the Individual Mobilization Augmentee program by 700 additional personnel (3) $10.3 million for 447 full-time support (FTS) personnel and (4) $2.3 million to fully fund the "Fair Benefits Package" established by Congress.

O&MMCR

The Fiscal Year 1982 O&MMCR Appropriation Amended Budget request of $40.3 million provides funds for expenses not otherwise provided for, necessary to support the training, organizing, and administering of the Marine Corps Reserve.

The amended budget contains in "Mission Forces" $19.1 million for SMCR unit training, equipment, operation and maintenance costs to support weekend training and Annual Training Duty exercises. Included are funds for Marine Corps Reserve participation in Joint Chief of Staff directed and coordinated exercises, intraservice, and interservice training exercises and field training exercises and command post exercises. To improve SMCR readiness, the following increases are included:

- $1.0 million for increased weekend training away from home station. The increased funding provides vehicles, transportation costs, fuel, consumable supplies, and repair parts to support the expanded weekend away training program.
- $1.0 million to expand the Mobilization Operational Readiness Deployment Test program.
- $3.6 million to acquire Nuclear, Biological and Chemical (NBC) warfare equipment.

In "Deport Maintenance" $1.3 million provides for fifth echelon/depot maintenance and rebuild of 82 major end items of Reserve training equipment.

In "Other Support", $19.9 million is budgeted for the following functions: (1) $10.2 million in "Base Operations" for support and maintenance of the training centers. The increase of $.9 million will provide for contract maintenance for 34 Reserve training centers, not currently covered and ADP maintenance/supply support (2) $9.7 million in Other Activities, to administer the Ready, Standby, Fleet Marine Corps, and Retired Reserve. These funds support operation of the Marine Corps Reserve Forces Administrative Center at Kansas City, Missouri, initiation of the new comprehensive prior service recruiting program and establishment of the Individual Reserve Management Organization.

SUMMARY

Overall, the Marine Corps Reserve is showing steady progress. 1980 was a good year and 1981 promises to be even better. Much has been done. Much remains to be done. We need your help. But, should the call come, be assured the Marine Corps Reserve will answer as it has for the past 65 years.

Biographical Sketch

MAJOR GENERAL GEORGE B. CRIST, USMC

Major General George B. Crist is the Deptuy Chief of Staff for Reserve Affairs, Headquarters Marine Corps, Washington, DC.

The son of a career Navy officer, General Crist was born in Hartford, Connecticut on January 31, 1931. He attended Villanova University as an NROTC student, graduating cum laude in 1952, and was commissioned a Marine Corps second lieutenant that same year.

As a lieutenant, he served in all three active Marine divisions, including the First Marine Division in Korea. Upon his return to the United States in 1955, he was promoted to captain and ordered to Marine Barracks, Washington, DC, where among other duties, he was detailed as a White House aide under President Eisenhower.

In 1959 he graduated from the advanced Infantry Officers' School, Fort Benning, Georgia, and joined the newly formed U. S. Naval Mission to the Republic of Haiti.

By 1963, General Crist had returned to the 2d Marine Division where he deployed with an infantry battalion to the Caribbean

during the Cuban missile crisis. Later, as an assistant Division G-3, he completed airborne training at Fort Benning.

His first tour in Vietnam came in 1965. As an advisor to the Vietnamese Joint General Staff, he participated in combat operations throughout the Republic.

In 1966, he became aide de camp to the Chairman of the Joint Chiefs of Staff. While in that assignment he was promoted to lieutenant colonel.

Following his graduation from the Armed Forces Staff College in 1968, he commanded the 2d Battalion of the 6th Marine Regiment at Camp Lejeune, NC. In 1971 he completed the Air War College as a distinguisted graduate, concurrently receiving a master's degree in political science from Auburn University.

The next year he returned to the Far East; serving first as a battalion commander in the 3d Marine Division and then with the 9th Marine Amphibious Brigade, assisting in the defense of South Vietnam during the 1972 North Vietnamese offensive.

Returning from overseas, he spent three years at Headquarters Marine Corps in plans and programs. While in Washington, he was promoted to colonel.

In the summer of 1975, the General was ordered to Headquarters, Fleet Marine Force, Atlantic, Norfolk, VA, where he served as Assistant Chief of Staff, G-3, Chief of Staff, and, following his promotion to brigadier general as Deputy Commander.

In 1978 he was transferred to Europe as the Deputy Director of Operations (J-3), U. S. European Command, where he was actively involved in a series of crises actions ranging from Iran to Africia.

Upon promotion to major general in 1980, General Crist assumed his present duties as Deputy Chief of Staff for Reserve Affairs.

In addition to the Defense Superior Service Medal, his personal decorations include the Legion of Merit with Combat "V", the Bronze Star Medal with Combat "V", Meritorious Service Medal, two individual awards of the Air Medal, Joint Service Commendation Medal, Combat Action Ribbon, Vietnamese Cross of Gallantry with Silver and Bronze Star and the Vietnamese Honor Medal.

Major General Crist and his wife, the former Barbara Clay of Steamboat Springs, Colorado, have two sons: William and David.

UNDERSECRETARY MURRAY OVERVIEW

Mr. MURRAY. Mr. Chairman, it is a great honor to be here before this subcommittee this morning, sir.

We would like, if we may, to submit our statements for the record and make some opening remarks.

Senator STEVENS. They have been printed in full in the record, Mr. Secretary.

Mr. MURRAY. Thank you.

First, Mr. Chairman, I would like to say that the legislative efforts of the last year were extraordinarily helpful to us in the manpower business, particularly in the Navy and Marine Corps. We have done, for example, much better in the last few months than we had anticipated. We have 4,200 more Petty Officers remaining in the Navy than we might have anticipated without the legislation of last year, and that is extraordinarily important to us.

Second, Mr. Chairman, I would like to say the manpower task for the 1980's is going to be exceedingly demanding for us. The Navy is growing toward a 600-ship fleet. We were under strength to begin with. We are going to have to have 60,000 more people in the Navy over the next 5 years. About half of those are going to have to be Petty Officers. So, we have a big task ahead of us.

The Marine Corps is growing also, and although that growth is smaller, the need for the Marine Corps to recruit new Marines and retain NCO's is no less compelling.

Third, the task that we have now before us is complicated and made more difficult because we have just lived through a decade of relative neglect. The 1970's, as you well know, sir, were not a period when there was a high interest in military personnel matters. Indeed, there was much opposition to things military. This affected the Navy. The fleet has been shrinking for over a decade. We went from approximately 1,000 ships to about 500 ships, cutting ship numbers in half, resulting in a Navy that is smaller now that at any time since Pearl Harbor.

The operational burden, therefore, on the remaining ships and on their crews has been high. We are now operating at a tempo that is 15 percent more demanding of our people than it was at the peak of Vietnam. Income and benefits for individual sailors have been shrinking during that period, and many of them—too many of them—have chosen to leave.

We are now recovering from that decade. Thus my fourth point, Mr. Chairman and Mr. Rudman, is that current trends were very favorable for us during this past year. Recruiting was at 100 percent of goal last year, as it is during the first months of this fiscal year.

RETENTION

Retention is up also. More prior service people are coming back into the Navy and the Marine Corps. Reserves are coming back on active duty, and attrition of first-term people is down.

When we think about why this is so, there seem to be three major reasons. One is the national circumstances. There is much more interest in the Navy now than there was a short while ago. The Indian Ocean situation has made Americans rethink what

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military forces are for. We received the greatest welcome home in Norfolk, coming back from the Indian Ocean a few months ago, that the Navy has had since World War II. That has its impact on the sailors and on retention; they know the American people care.

On the negative side of the national circumstances is the economy. It is not doing as well as we would otherwise hope. Post high-school, teenage unemployment has been very high. That obviously drives some people toward the service who otherwise would not come in.

A second reason is that we have been working very hard. The CNO and the Commandant have worked to make sure that the operating forces have very high standards of mission and discipline. Young people respond to the feeling that they are in a unit that matters to the country, that really has a job to do, and that people care about. They lived through hard times when that was not the case. They get depressed and leave when they think what they are doing does not really matter.

We are tightening up on discipline and standards, and that is having its effects.

RECRUITING

We are working very hard in the recruiting and retention area. The recruiters are out there working many, many hours overtime to bring in good people, and we are getting good people. The quality of the people in the Navy and the Marine Corps is high. We intend to keep it high. We would rather have fewer people than people who do not like the Navy or the Marines, people who do not want to do the job or people who cannot do the job. We are keeping up our standards while we are working very hard to recruit people.

We are also doing other things. We are taking better care of families. We think we have a special obligation to families, Mr. Chairman, because our people have to go on long, overseas deployments. That puts a special burden on families. Wives and children have to live through periods when their husbands and fathers are away. We are working harder on family service centers and on other things to take care of families.

The third reason for better retention is compensation. Over the 1970's, as I have said, real compensation steadily decreased. As opportunities get more attractive on the outside, your pay steadily shrinks, and your family complains, you look at your other options more carefully. In this case, the compensation initiatives of last year have shown and proven that there are real dividends in paying people in a fair and competitive way.

Finally, Mr. Chairman, I would like to say, as my fifth point, that the decade of the 1980's, as we look ahead, will be no less demanding. In fact, we think it is going to be a very demanding decade for the country. Serious challenges are going to be posed to the United States. It is going to be a time of testing for us, I think, and the high demands on the Navy and Marine Corps in terms of deployment and readiness, are going to continue and are going to grow.

We are growing the fleet and we are going to grow the Fleet Marine Corps. So, we have special manpower tasks because our recruiting and retention rate requirement is going to be higher, while the available population is shrinking. You can look around

communities now and see grammar schools closing. That effect is going to carry through into high schools and universities.

We need, as I mentioned, 30,000 additional Petty Officers. That is going to take hard work. If we want Petty Officers in 1990 with 10 years or more experience, those fellows are already in the Navy and we have to keep them. We are not going to be able to grow people with 10 years' experience in less than 10 years.

COMPENSATION ISSUES

We will have to continue our hard work. We are asking for compensation which we know is important for people. We have asked for a 5.3 percent base-pay increase. We are asking for special pay. Some of it is already authorized, the aviation officer continuation bonus for example, and we hope that this committee will look favorably upon that particular proposal. We have 200 aviators now who have put in their resignations for this summer. We have contacted about 150 of them. Sixty of those said they would withdraw their resignations and stay in if the bonus actually materializes. Those are 60 who, if they were to withdraw their resignations, would in fact more than pay for the bonus, given the training investments that we have already put into those fellows. We think the aviation continuation bonus is an important and constructive program. We hope you will support it.

RESERVES

We are looking to do more with the Reserves. We depend on the Reserves to maintain a high level of mobilization readiness. The Marine Corps has done an especially good job in integrating its Active and Reserve Forces so that they are able to flow back and forth in peacetime and will be available in wartime. We, in the Navy, are working harder on that.

We are working hard also to make sure we get the right skill mix in the Navy Reserves. That is important to us in mobilization.

CIVILIAN PERSONNEL

On the issue of civilian personnel, Mr. Chairman, many times civilians are just thought of as support people whose numbers can be raised or lowered without much effect. But to us they are exceedingly important for readiness. Without the civilians that we have in the Navy and the Marine Corps, readiness goes down. Sixty-five percent of our civilians are in industrial facilities and those determine whether the planes and ships are running or not.

Mr. Chairman, we see ourselves with a very formidable task ahead. We also see that it is a "do-able" task, we think. We maintained a Navy of a thousand ships in the 1960's. We think we can build a Navy of 600 ships in the 1980's and 1990's and have the people behind us, and in support of us, in the country.

It does depend, however, on the attitudes of the country. It depends a lot on whether we are doing our work well, whether there is wise manpower management in the Navy and the Marine Corps, and it also depends on the support of the Congress, particularly in the compensation area. We cannot avoid the need to im-

prove compensation and keep it on a competitive par with the civilian economy.

Thank you, Mr. Chairman.

Senator STEVENS. Thank you, Mr. Secretary. Admiral Zech?

VICE ADMIRAL ZECH OVERVIEW

Admiral ZECH. Thank you, Mr. Chairman. It is a privilege to be here this morning to testify on behalf of the Navy Manpower programs. I would just like to amplify very briefly on the Secretary's remarks and discuss the challenge we have in the Navy to overcome our Petty Officer and midgrade officer shortages. Our other major challenge, is to man a growing Navy.

It is my view that we can indeed man a growing Navy. We can overcome our Petty Officer shortfall, we can overcome our midgrade officer shortfall, and we can man our Navy with quality. To do so, we need the support of Congress.

PETTY OFFICER SHORTFALL

The Petty Officer shortfall is a serious one. The Secretary has pointed out that we are making retention gains. We are receiving some of the benefits of last year's congressional initiatives regarding compensation. We are making improvements on our retention.

COMPENSATION

However, the momentum must continue. I think it is important that the signal that has been sent to our Navy people and received by to our fleet, be followed through. The momentum is awfully important.

In that regard, I believe that the 5.3 percent pay raise across the board is a very important issue. I urge the Congress to support its enactment.

The retention problem is one where there are many facets to the solution, but the primary answer is compensation. We simply must pay our people a competitive and equitable wage. If we do so, I am convinced they will stay with us.

RECRUITING

Recruiting remains a very difficult task. As we look into the future, as the Secretary has pointed out, and see the declining 18- to 21-year-old market, our recruiting plans are to maintain a rather steady State goal for recruiting, in spite of the declining market. This will present us with a very formidable task in order to maintain the quality that we need for our Navy. We think we can accomplish that task.

We are putting resources, both people and dollars, into recruiting. We have been successful. We met our enlisted recruiting goals last year; we are making them this year, but it is a very difficult task and even though we are making our goals, we are concerned. We will watch the future closely because the challenge is a great one.

RETENTION

Our Navy is stretched thin. Our operating tempo is high, as the Secretary has pointed out. Deployments are long. They are taking their toll on our people. We simply must assist our families. We must help our people in the area of adequate reimbursement for expenses incurred during permanent change-of-station moves. Our analysis shows that improvement is needed in that area. We are in essence asking our people to subsidize the Government for its cost of doing business. We are not paying our people sufficient for their moves and that is a legislative initiative we will be requesting support for this year.

We think that several special and incentive pays, many of which have not been increased for many years, should also be looked at and adjusted upward.

The aviation bonus is a critical program for us. As the Secretary pointed out, we believe that it will not only improve fleet readiness, but we do believe it is a very cost-effective way to provide this readiness.

I would also like to mention the extension of the Vietnam-era GI bill termination date. I know, Mr. Chairman, that this is not necessarily the responsibility of this particular subcommittee, but as a Member of Congress, I would request your support and that of your committee to extend the 1989 termination date of the Vietnam-era GI bill because it is having a debilitating effect on our retention efforts.

We have about 200,000 of our people with between 4 years to 14 years of service who are eligible for the Vietnam-era GI bill. Many of them will leave the service in order to attain their benefits prior to the 1989 expiration date.

An extension of the termination date beyond 1989 is absolutely essential to arrest some of the retention losses that we are and will be seeing. I would request that the date be extended to the end of their obligated service plus 10 years, or something on that order, in order to arrest the losses we are experiencing from that termination date.

I believe the Navy is doing about all it can, and I pledge you the Navy's continued best effort to solve our manpower problems.

In summary, I believe that we can solve our manpower problems. We are beginning to show improvements now. I believe we can man our growing Navy. With the support of Congress and the support of the American people, I am confident we can do so.

Thank you, Mr. Chairman.

Senator STEVENS. Thank you, Admiral Zech. Admiral Palmer?

Admiral PALMER. Mr. Chairman, it is a pleasure for me to be here, my first appearance before this committee. I have a formal statement which I would like to submit for the record and, if that is acceptable, I am ready for your questions, sir.

Senator STEVENS. Thank you very much. General Bronars?

USMC MANPOWER

General BRONARS. Of couse I am pleased to appear before this committee to present our fiscal year 1982 manpower request.

I believe that you commented in your opening remarks on the increasing request for appropriations to support a higher end strength. It is a success story for the Marine Corps. As you know, the previous Commandant and General Barrow, the current Commandant, have long emphasized quality. We are now reaping the benefits of that long-standing emphasis on quality that is allowing us to enhance our readiness posture and improve our overall force capability not only from outstanding leadership that is provided by our NCO's and Staff NCO's, but also from the greatly enhanced quality of our new accessions.

The increased request for appropriations is to support an active-duty strength of 192,100 Marines. This is an increase of 4,000 over our original fiscal year 1982 request and represents an increase of 1,500 over the amended fiscal year 1981 request.

We need these additional personnel to enhance our readiness and improve our force capability. This, of course, is in consonance with our long-standing emphasis on quality, and also reflects the growing mission responsibility and expanded threat projections that we see in the 1980's.

We are in a position to request additional funds for higher strength because of our success story. Force end strength is determined by our ability to recruit and retain, as well as our ability to reduce the attrition of Marines. That is, insure that a greater proportion complete their obligated service.

Last year, we met all of our accession goals, both regular and reserve, male and female, with 101.8 percent of the total force being recruited.

We received significant help from the Congress with the fiscal year 1980 appropriation that added $4.2 million to support advertising and the recruiting efforts. This has placed us in a strong position in fiscal year 1981, and we believe we can enhance that position as we go into fiscal year 1982. We are very optimistic about meeting our accession goals.

As far as retention is concerned, we have established very ambitious goals in both fiscal years 1981 and 1982, and our preliminary results lead me to be very optimistic about our ability to meet these goals. I think it is very important over the long term to emphasize and be successful in our retention efforts if we are to meet our total force requirements in the face of the diminishing recruiting market. Every year there are fewer and fewer qualified military availables in the age group that we try to attract to the military, that is the 17- to 21-year-old age group. We are emphasizing our retention programs, and we do indeed solicit your support for the resources and the funding necessary to achieve that task.

COMPENSATION ISSUES

The Congress, last year, by its initiatives for enhanced compensation, created what finally resulted in a very improved retention climate. So, those first steps that were taken last year were very important; it gave us the momentum we needed to meet our manpower requirements. However, I believe that additional steps will be required. It is necessary that we provide compensation for our personnel that is both adequate and fair. I believe that is the objective of the administration's request for a 5.3 percent pay in-

crease, and we fully support that objective. We believe it is necessary to keep up the momentum gained in order to meet our manpower requirements not only this year, but in the future.

We are experiencing no difficulty now, and we have reason to be optimistic about our recruiting and our retention results in fiscal years 1981 and 1982. However, there is good cause to be concerned about long-term prospects in the face of declining qualified military availables. Significant improvements in the high youth unemployment rate that we are experiencing now could have, and probably would have, a significant impact on our ability to be successful in both our retention and recruiting efforts. It is interesting to note that the youth unemployment rate for the age group we are particularly interested in, the group that is graduating from high school, basically the 17 to 20-year old age group, went up from 16 to 20 percent over the last 6 months. This has created a market place that, of course, has assisted us in meeting our objectives. It does another thing; it shows that if we can compete successfully with the private sector in attracting these people, we can sustain an All-Volunteer Force. Of course, we are doing everything we can in that regard.

That is about all I would like to bring to your attention in my opening remarks, and I am prepared to answer any questions you may have.

Senator STEVENS. Thank you very much. General Crist?

MARINE CORPS RESERVE

General CRIST. It is a pleasure to appear before you this morning to discuss the Marine Corps Reserve. In the interest of conserving time and to answer your questions fully—my formal statement is before the committee—I am prepared to answer your questions.

Senator STEVENS. Thank you very much. Admiral Miller, do you have a statement?

Admiral MILLER. No, sir, I do not have a statement.

CIVILIAN PAY

Senator STEVENS. Mr. Secretary, you probably have the best background that I have seen going into a position such as you have in terms of overall experience in Defense.

One of the things that I have been asking questions about is, what is happening to the civilian side of the manpower equation in the Department of Defense in view of the incentives that we are building into the uniformed services.

What do you think about that, what is happening on the civilian side as far as not getting pay increases? They have been denied their pay increases and they will be limited to 4.8 percent this year as the uniformed services will get about 15 percent this year.

What is going to happen on the civilian side as far as manpower is concerned?

Mr. MURRAY. Two things, Mr. Chairman. One, obviously civilians are very frustrated at the absence of pay raises. Higher level civilians, like Under Secretaries, occasionally get frustrated at the caps on their salary. [Laughter.]

This is particularly so when inflation continues to eat away at their income. So, I think you find now, particularly among the senior people, more civilians who feel inclined to look elsewhere than Government service than in the past. I think that is going to have a long-term deleterious effect on the quality of senior executive leadership, civilian leadership, and management in the Department of Defense.

Senator STEVENS. How about the high-technology area. Who would be the one I should seek that information from, as far as the number of civilians who are in tech-rep types of positions, what their retention rate is; what is their exit rate?

Mr. MURRAY. I will be pleased to provide that for the record for you, Mr. Chairman.

[The information follows:]

PERSONNEL IN HIGH-TECHNOLOGY AREA

We do not maintain turnover rate statistics on all civilians who work in technological areas, however, we do have serious recruiting and retention problems in our Senior Executive Service (SES) with engineers and scientists. Of the 450 SES positions, 71 percent or 320 are in research and development functions.

There is currently a 25 percent turnover rate in SES; 8 percent is considered standard for positions at this level. This abnormally high rate is attributed largely to compensation concerns. Specifically, the $50,112.50 pay cap results in these employees not receiving pay raises. In over 4 years, since February 1977, their pay has been increased by approximately $2,600. This inequity not only discourages entrance into SES but encourages early, often premature retirement. In either case, the government bears the loss of skill and talent. In an effort to reduce some of the negative effects of the high grade compensation, the concept of a stratified benefits package merits consideration. This is a common practice in the private sector and it is our view that the Federal Government must adopt this approach if it is to successfully compete with the private sector in attracting executives or high level employees with technological skills.

We are also having difficulty competing with the private sector in recruiting entry-level engineers and scientists. We are only recruiting 47 percent of the number needed. Three out of four job offers to starting engineers are declined due to inadequate salary. As a result many of the positions which would normally be filled at the entry level are filled at the GS–11 and GS–12 levels where our pay is more comparable to the private sector and advanced in-hiring rates are authorized. The result is an additional cost of between 6 and 15 thousand dollars per recruit and the additional possibility of attracting employees who have not been particularly successful in the private sector. The impact on hardware programs is incremental and difficult to isolate, but increased personnel costs and the failure to recruit the best possible candidates for our positions is of concern to us.

We have developed a legislative proposal for SECDEF consideration which would allow payment of recruitment bonuses to offset the $4,000 average difference in starting salaries between the Federal and private sectors. Since many of our technological positions are located at relatively isolated locations, it is possible that locality based General Schedule pay, currently under consideration, would inhibit movement of career employees to low paid areas. This would compound our problem, particularly for professional occupations where mobility is highly desirable.

In summary, our current compensation system works against recruitment and retention of employees who work in technological functions. A solution is sorely needed if the Navy is to attract and retain the type of civilian work force skills needed to support the Navy's mission needs.

It is estimated that 90 days will be required to conduct a sample survey of representative contractors. It should be noted that the success of any such survey would be dependent on the willingness of contractors to participate and the consent of their personnel to authorize the release of this data, which may be protected by the Privacy Act.

Although we do not anticipate any cost to conduct a survey, some contractors might request compensation since this would be a tasking over and above current contractual requirements.

IMPACT OF RETIREMENTS

Mr. MURRAY. It is more difficult to attract them, and it is harder to keep them. It is also hard to know what the future will hold because there are many people moving into retirement age. Retirements are up, for instance. People decide to leave and go out to private industry. That has an impact.

On the other hand, there is not the same kind of obvious shortage in this area as there is on the military side. Particularly that is so because the economy is not as good as it might be. When you go through an industrial facility you actually can find people who will go to work for you. So, the incentives to pay them are not as great as the incentives to increase the pay for our military people.

In both cases, I think, you have to get your balance right.

Senator STEVENS. It seems to be getting out of balance. I am also chairman of the Civil Service Subcommittee of the Committee on Government Affairs. We are going to have to tell the general schedules people they are going to get a 4.8 percent increase, as I said, rather than the scheduled 9.1, somewhere around there.

Mr. MURRAY. There is no question, Mr. Chairman, that there is a lot of unhappiness. The morale of civilians, in that sense, is not high.

Senator STEVENS. Is there exit from the Department of Defense on the part of civilians?

Mr. MURRAY. There is an exit as I have said. Many more people are retiring than would otherwise have retired, I think. People who see opportunity on the outside are leaving. It is also true that you can find people to come into the Department of Defense. What the impact of that is, is judgmental.

CIVILIAN CONTRACTOR EMPLOYEES

Senator STEVENS. Admiral Miller and I were talking the other morning about the tech rep that we are paying $80,000 a man-year for, who used to be an enlisted personnel in the Navy. How great is that problem? How many people are going out and coming back to us as civilian employees under contract, rather than civilian employees of the Navy?

Mr. MURRAY. That is happening. I do not know that we have statistics on it because usually we do not keep statistics on the contractor in terms of his manpower activities. He hires his people, and that is up to him.

Senator STEVENS. What would it cost to get some studies to find out how many of these contractor personnel are actually people who have left the Navy, either civilian or uniformed people, and are coming back in another way, a much more costly way?

Mr. MURRAY. I am sure we could put together some sample surveys to reach some conclusion about that. I will provide that for the record with some suggestions as to how to do it.

Senator STEVENS. I will just ask one more question and then yield to Senator Rudman.

We see in other areas, in the Air Force, for instance, where foreign governments who are buying some of our hardware are hiring away the experts that we have. Has that taken place in the Navy, do you have a similar problem in the Navy? I do not know of

any right now, but is there any hardware that is going and taking with it our brain power that has been associated with technology maintenance?

Mr. MURRAY. To the best of my knowledge and experience that is not a significant problem in the Navy. Obviously, wherever we have cooperative programs, as with Saudi Arabia, we have people over there working with them. Many of those people are ex-naval personnel of one kind or another, either officer or enlisted men. But, the program itself is relatively small, so the demands are not great. We do not have huge cooperative naval logistic programs overseas. It is not as much a problem for us as it is for the Air Force, at least to the best of my knowledge. Is that your view?

Admiral ZECH. Yes; I would agree with that, although I do think that because of the compensation problems that we have had in the Navy it certainly is logical to assume that some of our people when they retire, prior to retirement, could be tempted by offers from civilian companies which perhaps would have the contracts that you referred to with other countries.

OFFICER RETENTION

I do not know, Mr. Chairman, that it is a significant problem. I would agree with the Secretary that it is something that we could look into.

Senator STEVENS. It seems to be primarily an Air Force problem as it so far has been identified.

Mr. MURRAY. We have certain problems with our own industry, certainly, with our aviators. We expect the airlines to begin hiring again this year. That is going to be a problem for us with our aviators.

Our nuclear-trained people have been leaving in droves. A nuclear submarine officer now may spend 16 of his first 18 years at sea, going from one responsible job to another. That is far too long for anybody to be doing that. It is hard on families, hard on individuals and not the right way to run the Navy.

Clearly, they live much better lives if they go to work for a nuclear-power organization in the civilian sector. They get paid more and their hours are better. Their family is happier. They do not have long deployments. It is clearly a problem for us with our own industry, much more so than you notice or perceive.

Senator STEVENS. Thank you. We do have some detailed questions to submit to you, Mr. Secretary and the rest of the gentlemen, I will appreciate it if you will respond to them.

Senator Rudman?

Senator RUDMAN. Thank you, Mr. Chairman.

Mr. Secretary, I recently read your Washington Post authent piece which I thought was very upbeat and very optimistic, and I think that is the way pieces ought to be by people in your position. But I do have some problems with some of the assumptions that are made in that, and I want to talk briefly about the manpower area with you.

Of course, you drew as a factual basis for your logic the manning that we did in World War II. I think you said 5,000 ships in 1940 and a thousand ships in the 1960's. Presently, we are aiming to-

wards a 600-ship Navy, and that seems to be what there is support for. That is certainly what we have heard.

MANPOWER POOL

And yet, do you think it is a fair statement to say that, (a) the kind of personnel be the manpower pool that you have to draw from, and, (b) the atmosphere that you are operating under in 1980, the first half of this decade, is probably considerably different than the atmosphere that existed either in World War II or in the 1960's?

Mr. MURRAY. I think certainly World War II does not provide a very relevant set of figures. I used that example just to provide some perspective on what we did before "in extremis," if you will, and what we could do again, I suppose, although we could not build a 5,000-ship Navy in 4 years, I will tell you that. It is going to take us a decade to build a 600-ship Navy even though we are a 500-ship Navy now.

But the atmosphere in the 1980's is certainly better than the atmosphere was in the 1970's. The American people now see that the Navy's mission and the Marine Corps' mission are important; that American responsibility around the world is still going to continue in the 1980's; that the Navy and the Marine Corps are the services that have to cover the bulk of those global responsibilities; and that we cannot put armies and air forces on other people's territory except in very special cases like Germany, Korea, and the United Kingdom.

Basically, if we are going to cover the military side of our reponsibilities around the world, it is going to require the Navy and the Marine Corps.

Our experience of the last year has shown that young people, if challenged, if given a real mission and if supported by the country, will come into the services. They are coming into the services now. I think we can man the ships of the Navy. But it will not be easy. It will take a lot of work and we are going to have to pay a certain price for it in compensation.

If we do not want to do that, we are going to have a different kind of Navy.

On the battleships themselves: (a) there is a somewhat lower level of technology, so fewer petty officers are required; and (b) the enthusiasm among sailors, both officers and enlisted men about serving on battleships, modernized battleships, not just going back to the horse cavalry kinds of days, but modernized battleships, is quite high.

I visited the Surface Warfare Officers School in Newport the other day and talked to 300 or so young lieutenants and lieutenant commanders. I asked how many of them would volunteer to serve on battleships. About half of them said they would be pleased to serve on battle ships.

I think we can man the battleships. They are part of the larger growing force. If we cannot man the battleships, we cannot have a 600-ship Navy.

Senator RUDMAN. Given your answer, what is the present active duty strength of the Navy today?

Mr. MURRAY. About 476,000.

Senator RUDMAN. What is your projected necessary active duty strength for a 600-ship Navy?

Mr. MURRAY. You probably have to increase active duty strength 60,000 over the next 5 years and increase—100,000 to 576,000 to 600,000 over the decade—for the 600-ship Navy.

Senator RUDMAN. Has anyone in your office, Admiral Zech, looked at the demographics of the population as they start to really fall off between 1984 and 1990 in terms of the pool you are going to draw from?

Admiral ZECH. Yes, sir, we have. We recognize that manning a growing Navy is a very, very formidable task. We do not minimize the task ahead of us, but are confident we can man a larger Navy. There are three factors critical to our success.

NAVY RETENTION

The first, and most important, is improved retention. We simply must improve our retention. The goals in the past have been 45 percent for the first term; 60 percent for second term, and 95 percent for third term. This must be improved.

We have now set for ourselves goals of 50 percent for first term; 75 percent for second term, and 98 percent for third term. These are the kinds of challenges we face in retention. We simply must retain more of our Petty Officers.

We are making a concerted effort to bring back those Petty Officers who have left the Navy. The recent pay raises have resulted in considerable success in this area. By contacting a large number of our Petty Officers who have left the Navy within the last 3 years and with an exceptional effort by our recruiting force to bring them back, we are exceeding our goals in that area.

So, if we can bring back some of the people we have lost, that will help us immeasurably. The combination of retention and bringing back Navy veterans is the first and most important way that we can grow our Navy and improve our current shortage problem.

NAVY ATTRITION

The second is attrition. If we can decrease our attrition, we will retain more of the people we need. We have been successful in decreasing attrition over the past few years.

NAVY RECRUITING

The third factor is recruiting. Looking ahead at recruiting, you are exactly right when you say the population is declining, the male population in the age group that we need.

We are looking at it very carefully and we have set for ourselves an annual goal of about 100,000 accessions which is approximately what we are recruiting now. We do not plan to increase our recruiting goal in the future, but plan to maintain it at about 100,000. In view of the declining market, we recognize that will be a very serious challenge. However, we feel we can meet that goal with the support of Congress for the compensation measures we need. In summary, with that kind of congressional support we believe we will make our retention goals, improve attrition, and maintain the recruiting success we are achieving today.

RETENTION SOLUTION

Senator RUDMAN. Well, Admiral and Mr. Secretary, after listening to testimony from pretty much the Navy and Marine Corps in the last 4 weeks, and hearing what you all have to say, it seems to me that although your approach is probably correct, we may be engaging too much in gradualism in terms of retention.

I do not think that what you are proposing and what we hopefully will approve will be enough to do the kind of retention that you are looking for. I could not agree with you more.

In addition to that, you have a very special problem. After listening to the kind of weaponry and systems that you are acquiring for this decade, the kind of individual that you need to run that equipment, to maintain it in the field without having civilian contractors onboard all your ships to help fix your systems, is high technology intensive.

That we will have a much more severe competitive situation in terms of the private market. I think someone in the manpower section of the Navy and the Air Force, in particular, with the kind of technology you have, has to recognize early on that we may have to take a whole different approach as to how we compensate people who have these kinds of technical skills, or else we may be retaining, but we may not be retaining the kinds of people we need.

I hope you will pay some attention to that because I can see ourselves sitting here in 1983 or 1984 having kept your retention goals and recruitment goals about where you want them, but not having the right kinds of people. For the kinds of systems you are going to be bringing onboard, you are going to need some very special kinds of people.

Senator STEVENS. From the reports I have seen, over half of the people in this country seeking graduate scientific degrees are foreign students. If you look at the number of people in our degree courses, you can be misled as to how many people we are going to have available to us in the outyears. I think you make quite a point.

I do not see it being addressed in the Department of Defense budget at all, the question of where the brainpower is going to come from as you go into this highly sophisticated stage between now and the end of the century.

Mr. MURRAY. Of course, we do a lot of our training ourselves. In fact, that is why retention is so important to us and why the draft is potentially less significant. We cannot accept people for 2 years in the Navy any longer. We really need men and women who will stick with us for a career. We put a lot of money and a lot of effort in the front-end of those fellows' tour for training.

All the points you make are absolutely right.

Senator RUDMAN. Now 21 of them are up in New Hampshire, getting ready to run the Seabrook Nuclear Power Station, that you trained at enormous expense.

Mr. MURRAY. Precisely.

Senator RUDMAN. I am very familiar with those people. They are beautifully trained, superbly trained. I talked to some of them and they said, "No, there is just no comparison. We would stay in the Navy if we got proper pay, our families might make the sacrifice."

What I am saying to you is that the kind of gradualism that you are talking about for these highly technical people in my view, one person, is not going to be enough over the next 5 years to retain what you really need. Then you will be back here in a crisis situation.

I hope someone looks at that and comes up with a new proposal that just simply is not changing a few things here and there; a radically new proposal on how to keep highly technical people in the Armed Forces because we are in a whole new era in terms of the kinds of people we need. That is what I get out of the last 3 months of hearings.

Mr. MURRAY. I am glad you said that, sir, because it is very hard to break through the sound barrier of earlier attitudes. Gradualism is how institutions live. We do not have the support, usually, to break through sound barriers.

Senator RUDMAN. If you ever had it, you are going to have it now.

Mr. MURRAY. We have it now as much as I have seen in a long time.

Senator STEVENS. You can break through that barrier a lot faster than you can break through getting that battleship under some of the admirals' feet, I tell you. [Laughter.]

Mr. MURRAY. You are hitting a sore spot, Mr. Chairman.

Senator STEVENS. We will get to that some other day. But it just seems to me that some of the problems of out years are much greater than just getting a new platform for the cruise missiles. There is a lot of money going in some of these new initiatives.

Off the record.

[Discussion off the record.]

Senator STEVENS. Back on the record. Senator Andrews?

Senator ANDREWS. Thank you, Mr. Chairman.

TRAINING PROGRAMS

Mr. Secretary, what our chairman brought up is extremely important. It does bother me. At the University of North Dakota the Libyans wanted to come in and train some 300 people in aeronautical science. The university took a look at it. That would pretty much saturate their capability and they in effect turned it down.

But there is an increasing preponderance of numbers of foreign individuals coming for training in these advanced sciences, far more than our own. What Senator Stevens brought out you then answered by saying you conduct your own training program. Fine.

But I think the thing that we ought to remember is that because there is this drought of trained people on the civilian side, the civilian market then has to attract more back from you that you trained because we are not doing the job on the civilian side. I think what we are going to have to do, is to have Senator Schmitt in his capability on his subcommittee, and Senator Stevens in his capability as chairman of this subcommittee talk this through. Really, what the one does interacts with what the other one does.

You can carry on the greatest programs training naval officers in advanced sciences, but unless we do it on the civilian side we are just going to have a whale of a demand on the outside.

Another problem that I have, you talked about the need for additional incentives. We have been talking about that a lot around the table. How does that quantify the dollars because when this bill goes to the floor we have to have total dollars in it. How many recruiters do you have to maintain this type of 100,000 recruits per year you were talking about in the outyears when the total civilian population in that area that you are looking for is declining? Do you have figures on the increase in recruiters and the increase specifically?

Mr. MURRAY. Yes, sir; if I may take your questions in turn. My answer on the training issue that Senator Rudman raised was not meant to be a complete answer It was just part of the answer.

CIVILIAN EDUCATIONAL SYSTEM

I think the problem is really larger, as you gentlemen have pointed out. It is a problem of our educational system. Part of it evolves from the high-technology training that we are giving people, but part of it is basic skills in English, reading, writing, and arithmetic that we do not pay much attention to. They are related. If you cannot read and write you are not so good in technology matters, often.

Also, the point that Senator Rudman made about World War II is germane. We could not repeat World War II. We could not build 5,000 ships because of the technology involved. We live in a different kind of world, as you rightly point out. Really, we do have to take a larger look at these kinds of things, and the interaction, that you mentioned, between civilian and military.

We get people out of the civilian market. We train them. Civilians hire them back again because there is only a limited supply. There is not an abundance of trained people, but a shortage of trained people. How are we going to cope with that? The answer is, on the whole, we do not know.

We, in Defense, have not managed to bound the total problem either. We do as much as we have been able to, and we try to make calculations on what will affect us. But clearly, the problem is bigger than the Defense Department. It is society's problem. We would like to help, but we cannot solve it.

COMBINED MILITARY-EDUCATIONAL PROGRAM

Senator ANDREWS. Could we not do part of it if in effect we mesh the civilian training and the military training to the extent that you could recruit the college-bound high school graduates and have them serve some 3 years in the Navy, or 3 years in the Air Force, whatever. They then go on to their 4 years of college. They either then can come back into the Armed Forces, which a small percentage would do. But some of them would stay on and take advance degrees on the civilian side.

If we had that kind of a program you would have for 3 years the bright, young, competent college-bound individuals that could be your noncommissioned officers. That could be a pretty darned good base on which you build your whole organization.

If they had seen what the military had to offer, they would then be given a choice of going back to college and there would be a

commitment to stay in the Reserves, or the Guard, or whatever the capability, for a 20-year period or so afterwards, so that the Guard and Reserve components would be built up on the civilian side. But if they wanted to get back in, you could take them back in, too.

If you did that on a broader scale than you are right now, and if we devoted some of our national capability to that type of program instead of just funding civilian-type programs, we might be able to get a couple of things going for one program.

But right now we seem to have programs thrown all over the place for education and we are not really educating the way we need to to defend the country or to supply the technical people we need to keep our economy going.

Mr. MURRAY. I think you have a very good point. To some extent, of course, the GI bill proposals try to work in that direction. But I doubt that we solved the problem.

GI BILL

Senator STEVENS. The GI bill has strangely slipped off to the point of where, if you stay away from the military you can probably get as good or better an education funded by the Federal Government, and there is no particular direction or rhyme or reason to it.

I think the GI Bill is a very important thing to pull people into the service and to provide that abundance of thoughtful and dedicated, sharp young people in the military. Hopefully, some of them will stay.

I welcome my colleague's comments because that was my amendment last year. It was defeated. What he says is true. If a student takes the basic opportunity grant, a subsidized loan, and food stamps—I forget, there is one other program—the compensation is greater than you could give them if they enlisted in the Navy.

So, what is the incentive to go to the Navy under that circumstance? We tried to redirect that so there was a commitment to service as a condition for the grant. I think maybe this year we will try again.

Senator ANDREWS. You have one sure vote for that.

Senator RUDMAN. Two, Mr. Chairman.

NAVY PETTY OFFICER SHORTFALL

Senator ANDREWS. Mr. Secretary, you mentioned in your statement that the Navy petty officer shortfall is still at 22,000. The inventory of petty officers has increased by 4,200, but the experience level is lower. You go on to say that requirements have also grown by 3,500. So, the shortfall is essentially the same as last year.

Can you tell the chairman that these "battlewagons" that you are going to pull out of the rust and the mothballs, and what not, to make showboats, the pleasure palaces of the modern Navy, are going to attract all of these people because you went up to Rhode Island and they were all eager to get onboard the battleships.

The trouble is, that is kind of a nonanswer because, you know, if you pull them onto those battleships you are going to have that

much more difficulty on the other ships of the fleet, in keeping them going. So, you really have not solved the question.

How are you going to get this shortfall of petty officers, some 22,000, remedied without doing some type of innovative, new program to bring into the Navy college-bound types that can serve there for a while as petty officers before, between, or during their further education?

Are you not going to have to really do something totally new, something totally different in order to solve that problem?

Mr. MURRAY. Well, in my opening remarks, Mr. Andrews, I mentioned a number of things we are doing. I did not mean to suggest that the battleships were not part of the larger manpower problem. They clearly are.

If we are going to have a 600-ship Navy, of which the battleships would be a part, we have to have programs and arrangements to man the whole of the Navy and not just a part of it.

I said there were three areas around which we need to develop our ideas. One is, what is going on in the country? What is the American people's attitude toward the Navy, the Marine Corps, our mission, our purposes, and what this country is all about?

If support for that is high it really affects the young people's attitudes—old people's attitudes, too. But people come into the service and people are willing to stay.

What is going on in the economy matters. Are we working in easy economic circumstances? For us that is not so good. What happens to us when the economy gets better? It is then even harder for us.

So, we have to adjust to things over which we have very little control in the country as a whole.

Second, we have to have wise management of Navy and Marine Corps manpower. We have to recognize that manpower will be our hardest problem in this decade, and make sure we can man the ships and the Marine Corps. We have to go out and be better recruiters. We have to put more recruiters in the field. We have to do the things you mentioned before.

When you put the dollars in and the recruiters in, then you get a return back. We have to do that.

Senator ANDREWS. I know, but can you quantify the dollars?

Mr. MURRAY. Yes, sir. In our budget we included more recruiters.

Senator ANDREWS. Do you feel the dollar figure in your budget will do all of this, will in fact resolve the 22,000 slack number in petty officers; will in fact give you the highly technically qualified people that you need to man the fleet?

Mr. MURRAY. Yes, If we receive what we are asking for, and if circumstances do not change. We have to adjust to changing circumstances. We do not know what is going to happen next year or the year after. So, we have to be flexible enough to make adjustments.

But if we get our pay raises, the compensation is competitive. If we get our special pays and bonuses devoted to the particularly highly skilled people who could be attracted easily elsewhere, we can do those things.

If we can care for the families; that is, if you approve the money for the family service centers so that we are actually helping

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families, and doing other things in the Navy, then I think—given the circumstances we now see—that we can man the Navy.

STUDY OF EDUCATIONAL PACKAGE

Senator ANDREWS. Well, that is essentially more of the same. Do you have a study group under way, or have you completed a definitive study to see what the chairman suggests and what I suggest, which are both the same, coming up with a totally different package of educational opportunity for the young people that would go into the military? Have you done a study on that?

Mr. MURRAY. We have not. We have, in the last year, identified the specific things that you call "more of the same" that affect people's lives in real ways.

Senator ANDREWS. I am not dismissing them as unimportant, I think they are extremely important. But what I think we also need is some of this concept where we direct our overall national effort to education and service as a combination, by offering added opportunity there to attract these people. As Senator Stevens suggests, we could do quite as bit.

Mr. Chairman, has there been a study done to really nail down what we might accomplish with that single concept?

Senator STEVENS. No.

Senator ANDREWS. I have a feeling that we are missing the boat here.

Mr. MURRAY. We have not done the larger study that you are talking about, although in this administration we are trying to take stock now of where we are and what "new" things need to be done. I think in the course of the 1983 budget process, as we are thinking through it, we are going to develop some ideas.

Obviously, ideas in the Defense Department about how to reorganize the country are not sufficient. We have to come up here and talk to you. Other people have to be involved. In fact, in many ways you are more important than we are. We can give you ideas and we will. We would certainly like to consult with you about these larger things because they affect us deeply, even though often we do not see it so directly.

Senator ANDREWS. One of the frustrating things I found in the 16 years I served on the Appropriations Committee is that we are throwing additional dollars at the same old problems, but all too often, whether we are talking about this field or the State Department, or whatever, we are just not going for this new concept. Maybe we would get a whale of a lot more results for maybe even less money.

I hope we can break out of this mold. If you have someone in your shop that could take a look at this, it would be helpful. In fact, the CNO came up with a germ of that idea at a luncheon over at the House side some 2 or 3 years ago, on what was happening outside, and the educational and pay incentives.

If you could do that, if you have something around, I would appreciate it.

MARINE CORPS MANNING SHORTFALL

One final question because I know I have gone over my time limit. General Bronars, I would like you to answer just a very short question.

On page 6 of your testimony you mention that of the Marine Corps' 38 occupational fields 15 are undermanned and 8 of the 15 have less than 85 percent of the required strength. You go on and mention the outlook is good, however.

I wonder if you could tell the committee which of these undermanned areas are of particular concern to you, especially the ones with less than 85 percent of required strength. When we look at 8 occupational fields out of 38 that are less than 85 percent of the required strength, that kind of rings a bell with me.

I wonder which ones of those really are of concern to you. Then, if you could provide for the record a listing of the undermanned occupational fields.

SKILL SHORTAGES

General BRONARS. I will just answer that in general terms now and provide for the record some details for those occupational fields in which we are short.

[The information follows:]

OCCUPATIONAL FIELDS LESS THAN 85 PERCENT OF REQUIREMENT

The following is an updated list of occupational fields which are less than 85 percent of requirement:

Occupational fields and title:	*Percent of requirement*
02—Intelligence	76
04—Logistics	79
26—Signals intelligence/ground electronic warfare	67
28—Data/communications maintenance	80
41—Marine Corps exchange	63
43—Public affairs	81
55—Band	74
57—Nuclear, biological, and chemical	28
59—Electronics maintenance	83
64—Avionics	82
65—Aviation ordnance	83
72—Air control/air support/anti-air warfare	73
73—Air traffic control and enlisted flight crews	81

SKILL AREAS IN AVIATION COMMUNITY

General BRONARS. Generally, they are the skill areas that require long training time, 12 to 18 months. Many of them are in our aviation community, such as avionics, radar repairmen and technical fields of that nature.

They not only require long training periods, but they are also marketable skills. After you train an individual, there is someone in the private sector of the economy that is ready and willing to hire him, and the compensation levels that they provide are very attractive. As a result, we have a difficult time satisfying our requirement in the long term.

This same problem is facing all services, of course. We are trying to solve the problem by our reenlistment bonuses primarily, since

the base pay and quarters and subsistance allowances are the same for all personnel. We try to solve the hard-skill problem and the skill critical shortage problem by influencing reenlistments through a reenlistment bonus which can amount, in some cases, to $16,000 for a 4-year additional obligation on the part of the individual.

We have been making significant progress in this regard during the past few years by investing substantially more money in our reenlistment bonus program, going from about a $28 million level to a $59 million level.

Now, all the services are approaching the problem quite similarly. The Navy is investing substantially more money because they have more technical skill requirements to satisfy. It is one of the solutions that works in the environment in which we must operate to satisfy skill requirements. I think we are successful.

I believe that we will be able to make substantial inroads into the shortages this year and next because of the approval by this committee of the request we have for additional reenlistment bonus money.

Senator ANDREWS. Thank you, Mr. Chairman.

Mr. Secretary, the comment that I was referring to was not from the CNO; rather, it was from General David Jones. I do not know whether that was when he was with the Air Force, or after he had become chairman. But he was the one who brought up this point along those lines. He may have some information or background.

Thank you, Mr. Chairman.

TRIDENT SUBMARINE MANNING

Senator STEVENS. The Navy is planning to commission two Trident submarines this year. I understand you are going to man those vessels from the crews of three former Polaris subs, and they are going to be transferred to some other operation.

Who is going to man the Polaris subs, are they still going to be in commission?

Admiral ZECH. The Polaris subs are gradually being phased out, Mr. Chairman, as you know. The plan is not to take one crew from one sub and put it on another sub. I think we are talking about total submarine personnel.

The long-range plan is to eventually phase out the Polaris submarines we have now and replace them with the Trident submarines.

Senator STEVENS. Do either of those Trident submarines affect the overall shortage of qualified nuclear personnel? Is that going to exacerbate the problem as much as it would seem?

Admiral ZECH. No, sir, it will not exacerbate the problem to a significant extent, although it will be a challenge to man the submarine force as we go into the future.

The real problem we have in the submarine force is nuclear officers. We are getting the required number of nuclear field enlistees. Our long-term challenge is to retain them as nuclear trained petty officers.

On the enlisted side, I think we can say with some confidence that we can man our growing Trident fleet. But the nuclear officer problem is very serious and one we must address. Last year's sea

pay and submarine pay proposals have started to produce some improvement.

Our projection for nuclear submarine officer retention for 1981 was 28 percent, against a goal of 60 percent—a severe shortfall. The impact of sea pay and submarine pay has revised our projection. We are now expecting a retention rate of 35 percent. But you can see, Mr. Chairman, that it still is a very real problem.

We have a very formidable task for the future in the officer manning of our nuclear submarine fleet.

MANNING OF BATTLESHIPS "NEW JERSEY" AND "IOWA"

Senator STEVENS. What about the battleships, just the *New Jersey* and the *Iowa*, what additional personnel are going to be required to man these vessels?

Admiral ZECH. The battleships require about 1,500 enlisted personnel and about 62 officers. The *Oriskany* would have a precommissioning crew in fiscal year 1982 and then add some more in fiscal year 1983. We would not bring them in all at once.

Senator STEVENS. Are there special training programs for operation and maintenance of the battleships and the *Oriskany* required?

Admiral ZECH. There are training programs for both ships. Most of the training programs required are in existence now. We have to look at the battleship very carefully to see exactly what equipment we will keep and which systems we will retain. It is possible, in the case of the battleship, that we will have to reinstitute some training.

Senator STEVENS. Has anyone quantified those costs of the training programs to make the recommissioning of the battleships and the *Oriskany* effective?

Admiral ZECH. We have looked into them, Mr. Chairman. Until we determine exactly what equipment and which systems are going to be retained in the ships, we cannot quantify them exactly. The training programs and the training cost will be quantified when the decision is made as to exactly which systems we will have in the ships.

CIVILIAN WORKFORCE ON BATTLESHIPS

Senator STEVENS. What about the civilian work force on those three ships, has that been quantified?

Admiral ZECH. Yes, it has.

Senator STEVENS. How great is that?

Admiral MILLER. We are estimating a requirement of 900 additional civilian end strength to reactivate the battleships in a public yard.

Senator STEVENS. I am talking about manning them after they are commissioned.

Admiral MILLER. There would be no civilians in their manning.

Senator STEVENS. That does not quite track with what we heard the other day in terms of tech reps and the number of people that are required to put cruise missiles on them. Do you think the people around from World War II are going to be able to operate those?

Mr. MURRAY. They are not going to be manned, of course, Mr. Chairman, with World War II-type people. They are going to be manned with modern-day sailors who are going to have to, on the cruise missiles, of course, go to cruise missile training schools, just like all other sailors who are going to be working on the cruise missiles.

Senator STEVENS. We have heard that more than 50 percent of the work force on those would be from reenlistments of people who have already left the Navy, Mr. Secretary.

Mr. MURRAY. A lot of people have called up and said they would like to get back in the Navy and they would like to serve on the battleships. I think certainly that kind of interest in coming back into the Navy, is more a measure of enthusiasm than it is a measure of actual volunteers.

The manning, of course, will be done with sailors who come in to work on the modern systems we put on the battleships. Those systems include the Tomahawk, the Harpoon, the close-in weapon systems, and modern communications equipments.

The existing engineering plant is in good condition and will remain as is. People will be running that. That is not a high technology thing.

The high technology work is the same high technology that is going to go on throughout the fleet. We are going to have to train people to operate and maintain cruise missiles wherever they are. They will be on submarines, on destroyers, and on battleships.

There may be tech reps involved in that just as there are tech reps on carriers for new systems. That is how we buy new systems now. We have a service package. Tech reps come along for a while so that they can help train our people. They work alongside our people and we try to replace them as fast as we can. With modern equipment you do need some tech reps, but the battleships will be no different than any other ship.

It really is not an effort to go back to World War II, Mr. Chairman.

LEVEL OF PERSONNEL STUDY

Senator STEVENS. What is the level of a study of the personnel that you have? We were told that we are dealing with a level F estimate, class F estimate on the recommissioning cost.

Now, at what level is the estimate as far as manpower, training costs, all of the manpower costs associated with reactivization of those two battleships?

Mr. MURRAY. I think the manpower estimates are quite solid. The reason you get less precise cost estimates for the actual incommissioning work—and I might say parenthetically, Mr. Chairman, we are prepared to live with the estimates that we have given you——

BATTLESHIP REACTIVATION

Senator STEVENS. I might say, Mr. Secretary, we are not prepared to live with them. I do not know if you realize that. But this committee is not prepared to live with these estimates. We so informed the authorizing committee when we did not fight that authorization in the supplemental. Those estimates have to be

upgraded before we would appropriate money for them. Senator Stennis agrees with me on that.

Mr. MURRAY. The difficulty, sir, on that is that until we actually open up things, see what is needed, and have the money to do that, it is hard to be precise about what is required.

Senator STEVENS. The problem we have is that the Department has never asked for the money to make their studies. It has twice asked for money to reactivate the battleships; it has never asked for the money to make the study.

Mr. MURRAY. I thought we had.

Senator STEVENS. The class F study on the two battleships and the *Oriskany,* it seems to me—and I think the majority of the committee would agree—is asking too much. We have to have some hard figures in view of what has happened to us in other areas, particularly in the Army in the last 3 years in terms of those prospects.

My current feeling is that we ought to appropriate under the authorization for the supplemental the funds that are requested, conditioned upon supplying to us of an estimate of a class level that is firm, to see where we are going in the outyears before we go ahead.

Mr. MURRAY. I think, if you appropriated on the basis that the funds were conditional, upon us coming back and reporting to you, and gave us the money to let us do the work to give you the estimates, my impression is that that is not an unreasonable way to proceed.

Senator STEVENS. I have discussed it with Senator Tower, and I cannot say he agrees with it yet. I think he knows where we are coming from. Those studies are just literally ball-park figures.

Mr. MURRAY. I had thought we had asked for a request.

Admiral MILLER. Last year there was a request for about $3.5 million.

Senator STEVENS. There is nothing in this request for any study money.

Admiral MILLER. No.

Senator STEVENS. Admiral Hayward said we have yet to be authorized or appropriated funds to allow us to go and get an engineering estimate.

Admiral MILLER. It was not appropriated last year, it was requested.

Senator STEVENS. It was not authorized yet. We are going to try and see if we can go under the authorization of the supplemental and condition the expenditures upon the study. We have yet to determine whether that is possible.

But I really can tell you that the impact of that—I mean, this is a manpower hearing, it is not a procurement hearing—but I just cannot understand why we are better off to have 2 battleships than to have 10 cruisers. You get 10 cruisers faster than you can get those 2 battleships.

Mr. MURRAY. You mean existing cruisers?

Senator STEVENS. I mean additional ones. You get them on the board and start going, building new ones. The idea of having 2 old battleships, you have 15 years, as opposed to starting a new Navy, is what is affecting this committee.

Mr. MURRAY. Well, sir, we want to do both. We want new cruisers. We think there is life in the battleships and capability in the battleships. They can come out sooner and make an addition to the fleet that is really important, that has real capabilities, and that is worth having. They are worth having as part of our 600-ship fleet. They will do a job for you while the cruisers are being built.

We need both of those things, Mr. Chairman, to come to our 600-ship fleet. From our point of view it is cost effective—that is to say, the money spent on the battleships, as measured against the capability that will come about, and the timeliness that will add a lot to the fleet. We really are not, in either the case of the *Oriskany* or the case of the battleships, trying to recreate World War II. We are trying to bring capabilities in the near term into the fleet in the least costly way possible.

I am sorry if we have not given you firm estimates. It is clear that there has been some fault on our side and some communications problems because we naturally do not want you to accept a ballpark figure as the whole basis for this.

We had tried, I thought, to ask last year for some funds to get into the ships and develop precise estimates. We were turned down on that. On the one hand, there is a question of the speed of the work of bringing the ships into the fleet and building up the size of the fleet, to ease the existing burden. On the other hand, there is the need to be precise and right about how we are spending monies.

I think the proposal you just put out, if it can be worked legislatively, seems reasonable to me.

Senator STEVENS. We are going to investigate it.

SINGLE COST-OF-LIVING ALLOWANCE

Let us go to the cost-of-living allowance. You have $5.7 million for single cost-of-living allowance. I have been interested in the singles allowance for some time. This is overseas, I assume. Is it the 47-percent factor?

Admiral ZECH. Yes; it is.

Senator STEVENS. And is it targeted at both officer and enlisted personnel?

Admiral ZECH. Yes; it applies to both officer and enlisted.

Senator STEVENS. Would it apply to all overseas singles personnel?

Admiral MILLER. It will, depending upon the difference in the cost of living in the area. There could be some areas where it would not apply because the cost-of-living differential does not call for it.

The objective of the COLA is to bring the standard of the person who has overseas duty up to the standard of the person who is back in the States. So, if you were in a country that had a very low economy COLA would possibly not apply.

Senator STEVENS. The same theory would apply to those who are married, receiving COLA in the same place.

I think that is a needed item. We tried to get it last year. If you have any additional information on that, I would appreciate receiving it because I think it will be under attack, but I do believe that is a proper step.

NAVY RESERVE

Let us go to the Navy Reserve. What do you contemplate would be the Navy's augmentation strength in time of war by the Reserve? What is your target?

Admiral PALMER. Our current target is a Selected Reserve of 87,000.

Senator STEVENS. This is a war-ready Reserve. Do you have two categories of Reserve now in the Navy?

Admiral PALMER. Yes, sir, we do. We have the Ready Reserve and the Standby Reserve. Would you like the specific number in each category?

Senator STEVENS. Well, I am a little confused between the two figures that we got. One is the average Selected Reserve strength of 87,000-plus; and the other is a demonstrated mobilization requirement of 100,000.

Admiral PALMER. I see.

Senator STEVENS. Which is correct?

Admiral PALMER. Both are corrrect. The Selected Reserve requirement 112,000 is based on the Navy Manpower Mobilization System. This is a dynamic system which changes requirements depending on the current size of the fleet and what we are programed for in the out years.

Senator STEVENS. What would it be in a 600-ship Navy?

Admiral PALMER. We have not determined that Selected Reserve requirement yet. It would most likely be larger. We probably should grow toward a larger Selected Reserve as we grow in the active fleet toward the 600-ship Navy.

Senator STEVENS. Does this indicate that your 87,000-plus is about 70 percent of your mobilization target?

Admiral PALMER. Yes, sir.

Senator STEVENS. And you are seeking funds only for that level?

Admiral PALMER. Yes, sir.

Senator STEVENS. Is there a second reserve that is complementary, that could come into effect in the event of war?

SELECTIVE RESERVE FORCE

Admiral PALMER. Yes, sir. There are quite a few more that would come from the balance of the Reserve although they receive neither the training nor are they as available for callup as the Selected Reserve. The total Reserve manpower pool is about 410,000.

Senator STEVENS. Maintained Reserve?

Admiral PALMER. The Selected Reserves are the ones that perform monthly drills and weeks of active duty training each year. They are part of the pool eligible for the 100,000 recall by the President. Just the Selected Reserve is available without declaration of war or national emergency.

Senator STEVENS. As I indicated before, I do not see why we do not follow the Canadian system of using the Coast Guard for greater training of Reserves in peacetime. Is there any plan to look further into that as far as our country is concerned with respect to Naval Reserve strength?

They literally train the Reserves in the Coast Guard in peacetime.

Admiral PALMER. There is no such program of which I am aware.

INTERFACE TRAINING WITH COAST GUARD

Senator STEVENS. Do you interface your Reserve training at all with the Coast Guard now?

Admiral PALMER. No, sir; we do not.

Senator STEVENS. If someone comes in the Coast Guard, does he get credit towards your Reserve?

Admiral PALMER. No, sir. The Coast Guard is a separate service with their own Reserve component.

Mr. MURRAY. He would get credit for whatever service he is in.

Senator STEVENS. No Navy grades?

Mr. MURRAY. Not against Navy numbers; no, sir.

Senator STEVENS. Why not, Mr. Secretary? If the Coast Guard goes to the Navy, and it does in wartime, why should not the Navy Reserve go to the Coast Guard in peacetime?

Mr. MURRAY. Different missions, different ships and equipment.

Senator STEVENS. To a certain extent, yes. Have you ever discussed with the Coast Guard trying to fill some of the deficiencies, that service in the Coast Guard would in fact be complementary?

Mr. MURRAY. I have not, sir. This is the first time this thought has come to me.

Senator STEVENS. The Canadians do it very well, they are our neighbors.

Admiral PALMER. I will be with them early next week and I will talk to Captain Traves who is the head of their Canadian Naval Reserve.

There is a relatively new active interface between the U.S. Navy and the U.S. Coast Guard with the task not to talk about that method of operation, as far as I know, but to talk about other issues, wartime missions, harbor defense, those sorts of things; and to identify what we and the Coast Guard do in peacetime vis-a-vis their joining the Navy later. I will bring your thoughts up when I talk to my counterpart in the Coast Guard.

Senator STEVENS. I think you will find the Canadian Navy buys the Coast Guard vessels, and the Coast Guard operates them in peacetime. They do not have Coast Guard vessels, as far as I am aware.

Admiral PALMER. I do not believe they do. As far as I know our Coast Guard is funded by the Department of Transportation for their vessels and their mission; but the U.S. Navy pays for their weapons.

Senator STEVENS. About 47 percent you pay.

Admiral MILLER. That is correct.

Senator STEVENS. An interesting thing is, if you turned it around and made it a 100-percent Navy requirement and turned it over to them to operate, it would still fulfill their mission. It is a very interesting thing in terms of that acquisition pattern of procurement.

Then, of course, if they are asked to ask for money, they just fulfill their mission and we come back and add money from this budget to their acquisitions, rather than planning the acquisition in the first place to meet the wartime mission which is the underlying role of the Coast Guard in any event.

I think that would be an interesting thing to discuss.

Mr. MURRAY. I think that is a good point, Mr. Chairman. When I was talking about different missions it was in reference to the point Admiral Palmer made about mobilization. We are now in a dialog with the Coast Guard through some mobilization exercises. We are really starting to think along those lines for the first time in a long time.

Senator STEVENS. Cuba should have given us some indication of that, I expect. I mean, you turned over to the Coast Guard a considerable amount of equipment, did you not, to meet the problem?

Mr. MURRAY. Yes. We gave them some practical help in the way of ships, operating with them, and so forth.

Senator STEVENS. Do not misunderstand me, there ought to be a mission of the Coast Guard in peacetime; but it seems to me that the underlying role of its conversion ought to be more secure in terms of the procurement role and in terms of the training mission. I do not think they would have that much problem. It might have during the Vietnam days, but they would not now.

In terms of the Navy Reserve, are your present Reserve force levels sufficient to operate these new *Knox*-class frigates that are scheduled to start operations in the 1980's? Have you projected your strength requirements for the new equipment that you are getting into the Reserves?

Admiral PALMER. Yes, sir, we have. We are also working at reducing the total number of the escorts in the Naval Reserve force. That will help me man the remaining ships. At the present we are, on the average, 60 percent manned as to the Selected Reserve billets on those ships. So, reducing the size of the total force will help me to fill that.

NAVY RESERVE FRIGATE HOMEPORT

In addition, we are looking very carefully, more so than we have done in the past, at Reserve demographics in terms of determining the home ports of the ships. We will pick ports where it looks like we can get up to 100 percent of the Selected Reserves necessary to fully man them. Rather than putting them at larger fleet centers, we are putting them at places in the Northeast and the California coast where we already identified sufficient people to be assigned to the new ships.

I feel much more confident that with a smaller NRF, properly located as in the case of the FF-1052 *Knox* class, that we will be able to do a much better job in fully manning those ships.

Senator STEVENS. You only indicated a 200-man increase in your end strength for the 1982 budget. Will that be sufficient to meet the requirements of the new frigates and the other projections for your forces, Reserve Forces, in the Navy?

Admiral PALMER. Maybe I should defer this question, but my answer would be that it is in terms of Selected Reserves. But we have a parallel program in which we bring enlisted and officer cadres into those ships. The enlisted TAR program is much greater than 200.

ENLISTED TAR PROGRAM

Admiral ZECH. That is my responsibility, Mr. Chairman. I would agree with that answer. It is a phase-in process as far as the enlisted TAR program is concerned. Until we get the proper numbers, we will be manning the ships at 50 percent of their crews with active-duty people as we are doing now.

Eventually, we intend to phase in enlisted TAR's to man the ships.

COAST GUARD RESPONSIBILITIES

Senator STEVENS. I cannot overemphasize this Coast Guard problem. My State has half the coast line of the United States, and the Coast Guard is very important there. We find that their patrol this year is cut in half in the 200-mile limit because of the cost of fuel, the cost of operations.

And yet, we find at the same time that your operations, reserve vessels in the Naval Reserve, are increasing and they are not at all blended in terms of any kind of enforcement activities of the 200-mile limit. By law you cannot be involved in the enforcement of the civilian law, particularly in peacetime.

It just seems that something is going awry when we are leaving a resource base, a fisheries base, to the mercy of foreign fishermen because of economies in the Coast Guard when we are increasing expenditures in the Navy Reserve and increasing expenditures in the Navy.

Admiral PALMER. I think we are decreasing the operations at sea of the Naval Reserve force ships. I think if we check what we have done this year with last year, and last year as opposed to previous years, it is a decrease, not an increase.

Senator STEVENS. Why not at least study what would happen if we tried to put them together somehow and increased the effectiveness of both? The Coast Guard vessels are going to be able to steam less than half the year this year because of the allowances they got and it just does not make much sense.

RESERVE OFFICER PAY GROUP

What is this transfer of 3,400 officers from pay group B to pay group A, what does that mean in terms of the readiness posture of the Naval Reserve; why is it being done?

Admiral PALMER. It is being done to increase readiness by having an all category A Selected Reserve. Officers who are currently in category B are not legally a part of the Selected Reserve, vis-a-vis a callup of 100,000. All of the other services' Guard and Reserve forces are category A, except for the Air Force Reserve which has a small number of category B.

The year before last, we moved all our enlisted into category A and it has been significant as part of our retention improvement program. It was part and parcel of our strength increase from 81,000 to 88,000 in a period of about 7 to 8 months.

Senator STEVENS. What is the budget implication of that transfer?

Admiral MILLER. They double their weekend drill pay, is what happens. In category B they get half pay for their drill; when they go to category A, then they get full pay for their drill. Considering

total annual pay, including the 2-week active duty training period, category A pay is about 60 percent more than category B.

Senator STEVENS. Will the Navy have anyone left in category B after this year?

Admiral MILLER. No, sir. The ones we are transferring are officers. We previously transferred all the enlisted from B into A; now we are transferring the officers.

Mr. MURRAY. It does not make sense, Mr. Chairman, to have officers working a 24-drill schedule and enlisted men working a 48-drill schedule in the same unit. Clearly, the officers and men ought to be working the same schedule.

Senator STEVENS. That is correct, if they are working. But it seems that you are going to end up with everybody theoretically in the "A" and getting paid in the "A." Is there a requirement to increase the level of drills in order to receive that Reserve pay?

Admiral MILLER. Yes, sir. They were drilling the full number of drills, they were drilling the 48 drills but they were only getting paid for 24.

Senator STEVENS. I see.

Admiral MILLER. So, there is a basic inequity, that is what it was.

Senator STEVENS. Now, the Marine Corps wants $54 million for a 4,000 end-strength increase. How did you decide what that end-strength increase was? What are you really seeking there in terms of your new people?

MARINE CORPS END-STRENGTH INCREASE

General BRONARS. We have a requirement for substantially more than our current strength of 188,100 Marines. As you well know, General Wilson and General Barrow already said that, "I will go for fewer numbers if I cannot get the quality I want." We have been emphasizing quality for a long period of time.

Our total requirement for personnel to fully man our peacetime structure ranges up to 210,000. We do not man some of the elements we feel are less important; other elements we man at less than 100-percent strength. We need the additional personnel to improve readiness, but also to add substantially to our force combat capability. A recent study completed at Headquarters Marine Corps indicated that we have not provided sufficient personnel to satisfy the mission requirements of our combat service support elements, which are logistics support elements that reside in the Force-Service Support Groups in each of our three Marine Amphibious Forces.

The intent with the 4,000 additional personnel is to provide for a better sustaining base for our combat forces in an operational environment by improving our logistics support elements. We also would improve some of our support elements in the aviation community. These increases provide significantly enhanced capabilities for sustaining operational commitments which we foresee in those parts of the world where we do not have standing armies. We feel this is very important.

Senator STEVENS. Is part of that end-strength related to any increased retention capability as far as your people are concerned?

USMC RETENTION

General BRONARS. The end-strength increase was possible because, one, we have met our recruiting goals; two, our attrition has dropped significantly due to the quality emphasis over the years; and three, our reenlistment program has been very successful in fiscal year 1980 and fiscal year 1981 thus far.

Senator STEVENS. The progress so far in this fiscal year would demonstrate that your program is working?

General BRONARS. Yes, sir. The latest figures are as of the end of March, and I will provide more specific figures for the record. But, as I recall, we are some 2,060 reenlistments above plan at this stage in the fiscal year.

Senator STEVENS. Good, we would like to have those records.

[The information follows:]

RETENTION RESULTS AS OF MARCH 31, 1981

	Goal	Actual	Δ	Rate percent	
				Reenlistment [1]	Retention [2]
First term	2,445	3,256	+811	27.5	13.0
Intermediate	1,690	2,578	+888	74.3	62.6
Career	1,752	2,113	+361	74.3	70.2
Total	5,887	7,947	+2,060	45.5	26.2

[1] Number of reenlistments divided by number of eligible to reenlist.
[2] Number of reenlistments divided by number of separations.

MARINE CORPS NONPRIOR SERVICE RESERVES

Now, on the Reserve you want $6.6 million for 645 nonprior service personnel initial active duty for training. Is that right, these people have never been in the Marine Corps?

General CRIST. That is correct, sir. As you know, we have a combination each year of two accession sources, prior and nonprior service. We recruit personnel without prior service and also bring in the Reserves those with prior service, that is, those who have been in the service and who are now out on the street when we recruit them back in.

We are planning for a selected Reserve end strength of 36,653 at the end of fiscal year 1981; opposed to 33,679 which was our estimate 1 year ago.

What happened last year was that we thought we would end 1980 with 33,667, and in fact, we ended up with 35,449; the first time since 1973 we passed 35,000.

Our goal is to reach the war-time requirement which is 42,605. Obviously, we are below that. What we are doing is moving toward that war-time requirement, as best we can. This requires a combination of prior and nonprior service, young men who have not served before, those who have been on active duty and are willing to serve in the Reserve, while at the same time retaining people we have. Our retention is up. We had a 52-percent first-term retention last year as opposed to 39 percent in fiscal year 1979. So we are retaining them.

We need at the same time to get more prior service, because, although our strength is going up nicely, we do have skill short-

ages. We can train young reservists without prior service, but it takes time. We cannot send them to long schools as you know, because they must go back to their jobs after initial entry training and then they only have 2 weeks of annual training a year. One of the ways to resolve this problem is to go out and find the prior service Marine who already has the skill and the rank needed, and bring him back into the Reserve. So, we are asking also in this budget for a program which will enable us to do that.

Senator STEVENS. Is that the skill refresher training?

General CRIST. That is part of it, sir. The skill refresher training is designed to bring people in and send them to school in order to make sure they are current and fresh in those skills that we need.

MARINE CORPS RESERVE MANNING SHORTAGES

Senator STEVENS. Why do you have a 28-percent shortage in your top 5 enlisted pay grades?

General CRIST. That relates to the prior service problem, sir. We need to maintain roughly about 30 percent prior service, men who served in the Marine Corps at one time or another, and about 70 percent young men who have not, sir. That gives you the proper balance in rank, skills, and progression through the career pattern.

Right now we possess only 72 percent of our prior service requirement. If I cannot turn the trend around in another 2 years, I am going to hit about 50 percent of the requirement. That is what is causing the shortage in the upper grades and it is also what is aggravating the skill shortage. So, I must try to bring these prior service people in in order to turn the situation around. Our prior service recruiting, up to now, has been passive. Since this approach has not worked we want to get an active recruiting program underway. The potential is out there. We know that. We have the demographic studies to show that there are sufficient former Marines to meet our needs if they can be recruited. You have given us the incentives. Now, I have to go and get them.

Senator STEVENS. Your budget for 1981 shows 66 support personnel to administer, recruit, and train Reserve programs; in 1982 it shows 380 fulltime people. Is that an error?

General CRIST. No, sir; that is correct.

Senator STEVENS. You need six times as many people this year as you did last year?

General CRIST. Yes, sir. We need them. We never really used Reserve fulltime support personnel except for the 67 we have been carrying since back in the fifties sometime. We have relied almost exclusively on the active forces, they provided some 4,300 active duty support to us.

Senator STEVENS. They are going to provide less next year?

General CRIST. In order for us to do anything more than maintain these, to expand, to bring in more modernized weapons, we have to have more support people. The active force contribution is very significant commitment to the total force, but, as you know, there is as finite limit to active duty support in time of competing demands for skilled personnel.

Senator STEVENS. I think we would like to have a little more detail on that justification. Is it going to reduce the active duty commitment to the Reserve, as far as manpower is concerned?

General BRONARS. No, sir; it is not.

Senator STEVENS. You said 4,300 you have from them?

General CRIST. Yes.

Senator STEVENS. Is that going to remain the same for 1982, or will it change?

General CRIST. It will stay at about 4,300, but at the same time we are planning to expand. We propose to modernize our ground forces; and have modernization plans for our reserve air. We also have a very active program to manage the individual reservists. Achievement of these readiness objectives will require more full time support personnel and I do not wish to ask the active forces for additional people.

Senator STEVENS. Very good. Thank you very much.

Thank you, Mr. Secretary. I look forward to working out this problem about the battleships. That is not manpower, but it is a sizable problem.

Thank you all, gentlemen.

Mr. MURRAY. Thank you.

SUBMITTED QUESTIONS

Senator STEVENS. Senators Rudman and Stennis have submitted additonal questions to be answered for the record. They will be inserted in the record at this point.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

Questions Submitted by Senator Stevens

RECRUITING AND RETENTION

Senator Stevens: Secretary of the Navy John Lehman has stated that pay comparability with the civilian sector has yet to be restored despite the recent 11.7% pay increase. If Congress were to approve the 5.3% raise proposed for this July and the 9.1% increase slated for October 1981, would pay comparability be achieved?

Answer: Yes, as current pay comparability is defined. However, there are limitations to the current system. In almost every year since the start of the AVF the military pay system has been constrained in a manner which has reduced its effectiveness. Changes are needed today in order to provide an adequate standard of living in return for the demands placed upon military personnel and their families.

Prior to 1967 military pay was adjusted on a need basis with short-term fixes. In 1967 the Congress enacted legislation which provided that military pay would be increased every year by the average amount that the General Schedule white collar pay was increased. There was no attempt to equalize military and government pay because they are totally different in both work environment and skills. The linkage was accomplished only to provide a stable, long-term method for annually increasing military pay. This linkage was designed to reflect wage growth in the private sector for people who were comparable with the white collar skills in the Civil Service. As the country enjoyed real productivity and wage growth the pay of Civil Service workers would increase similarly. Likewise, in times of inflation when real growth was depressed, the annual Civil Service increase would reflect the lower growth of the rest of the country.

The problem with this linkage has not been the concept, but rather the private sector group used in the comparison. The current linkage represents about 12% of the skills found in the military. A better linkage is needed to reflect the alternative opportunities available to military personnel. Once this group has been defined, annual military pay increases should be based on the wage growth of this group of technical, blue collar, skilled and clerical personnel.

In addition to the problems noted above with the linkage, other overt steps have been taken to reduce the pay of Civil Service employees and as a result military pay too. Pay caps were placed on the increases in 1975,1978, 1979, and 1980. The military actually fared worse because in addition to the pay caps of the 70's part of the military pay increases of 1976 and 1977 were applied to the basic allowance for quarters instead of into basic pay.

As a result of these steps, military pay today lags the wage growth in the current private sector linkage by about 5.3%. A 5.3% increase is required to return military pay to the relatively competitive levels that existed with the start of the AVF. If the private sector linkage is revised to reflect a greater proportion of the skills in the military an approximate 11.4% increase would be required. It must be noted that this is the "catch-up" amount only and is in addition to the annual pay raise which would keep pace with the wage growth of the past year alone. As a result, a military pay raise, assuming an approximate 9.1% annual wage growth, should be a minimum of 14.9% and up to 20% if the expanded linkage were to be used.

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Senator Stevens: What is the importance of pay comparability as compared with that of selective bonuses, educational benefits, training, and prestige as motivators or service accession and retention?

Answer: Pay comparability is the most important element because it is the framework upon which the others are built. A military member is a "soldier" first and a "specialist" second. The realities of military service (discipline, family separations, short notice relocations and combat) are not commonly found elsewhere. Military compensation is predicated on the philosophy that those who wear the uniform have a primary duty, and that duty is equally important to any specialization that the member may have.

In return for the personal sacrifices of the military member, the government incurs an obligation to provide adequate compensation to him or her. Over the past decade "adequacy" has been identified with wages paid to comparable skills in the private sector. The loss of comparability through pay caps and reallocation was followed by sharp declines in career force retention. The unexpected loss of career personnel required a wide range of new pay initiatives to reverse the trend. Bonuses were applied virtually to the maximum extent permitted by law. New initiatives were instituted to increase prestige and training opportunities were expanded. The critical problem identified time and time again as the driving force in career retention was the maintenance of adequate pay scales. Based on our recent experience I consider maintenance of pay comparability to the private sector as the most important of all the pay and benefit initiatives.

Senator Stevens: Secretary Lehman has also stated that despite selective reenlistment bonuses and specialty pays, American youth may not be drawn to Navy careers because of the personal sacrifice and demands of the sea service. In addition to monetary incentives then, what must the Navy offer to attract and retain competent career personnel.

Answer: Retention of our personnel at sea has shown modest improvements in the first six months of this fiscal year. Presently Navy is taking action in three non-compensation areas:

1. The quality of Navy life
2. Family separation issues
3. Job satisfaction

The Quality of Life program is designed to provide our servicemembers with an improved environment during off-duty hours and to provide families of service personnel with the support necessary to life within the military. Quality of Life programs address a variety of needs. These programs include the following:

Family programs - Family Service Centers provide selected services not readily available in the local community, e.g, hospitality units, counseling referral service.

Religious programs - Religious ministry in Navy Housing areas addresses family and community problems when essential community support is lacking.

Morale, Welfare & Recreation - This program upgrades athletic, entertainment and child care facilities/ services. Priority is given to overseas and isolated locations.

Voluntary Education - Navy Campus for Achievement Education program allows servicemembers to improve their capabilities to achieve and perform their Navy mission. This functional skills program has grown significantly. Other education programs

allow servicemembers to obtain high school diplomas and college degrees.

Unaccompanied Personnel Housing (UPH) - The construction and modernization of Navy UPH, new furnishings, maintenance and leasing of civilian housing are being pursued.

The contribution of Navy members to readiness and a sense of duty to country are conducive to improved combat efficiency. The "Quality of Life" program adds to this sense of contribution, can improve retention and is conducive to a positive environment necessary to an all-volunteer military.

In the area of family separation, an issue particularly applicable to the Navy, studies are ongoing to determine the potential for consecutive assignments to the same geographic location, thereby allowing for a greater degree of geographic stability for Navy families. Fleet commanders continue to investigate ways to minimize family separation resulting from deployments overseas & inspection requirements.

In the area of job satisfaction, several initiatives designed to improve the working atmosphere as well as personal recognition have been undertaken to improve the retention climate. These include improved counseling of personnel; increased recognition of Navy men and women through establishment of an expanded frocking policy (authority to wear insignia of paygrade to which selected upon selection), Navy Achievement Medal awarding authority for individual Commanding Officers; institution of the Sea Service Deployment Ribbon; improved communications with fleet personnel by those at the Washington headquarters level through expanded utilization of the media and CNO Retention Team visits to the fleet; and improved working conditions resulting from efforts to improve fleet working hours. Actions being considered or implemented to improve fleet working hours include use of maintenance-free materials and preservatives, inspection reduction and consolidation and expanded civilian contracting program.

Senator Stevens: The amended FY82 budget calls for a 5,000 increase over the Carter FY82 end strength - for a total of 554,700. Do recruitment and retention levels for the first half of FY81 indicate the Navy's ability to achieve this goal?

Answer: Yes, Navy anticipates being able to achieve its FY82 amended enlisted end strength objective of 483,953. Recruiting and retention performance through end March 1981, has been quite positive. With respect to recruiting, Navy has attained 101.4% of its recruiting goal for the fiscal year to date, and anticipates no difficulties in achieving its end FY81 recruiting goal of 106,238. This goal is approximately 3,800 higher than will be required in FY82. Navy has similarly experienced success with respect to enlisted retention results. A comparison of enlisted retention as of the end of March to the same period last year is provided below:

FY81(thru MAR 81)		FY80(thru MAR 80)	
1st Term	44.1	1st Term	38.1
2nd Term	58.7	2nd Term	53.6
3rd Term	93.3	3rd Term	91.6

Senator Stevens: What about the specific recruitment objectives as regards education/upper mental categories/ prior service.

Answer: Navy has been successful in achieving its quality goals and prior service recruiting objective. With respect to the quality of its male non prior service accessions Navy has achieved its goals as depicted below.

	FY81(FYTD thru MAR 81)	Target thru MAR
High School Diploma Graduate	71.4%	69.1%
MG I-IIIU	67.1%	65.4%

With respect to prior service recruits Navy has experienced outstanding success. As of the end of March we have recruited 1496 more prior service veterans than we had at this time last year which represented a 35% increase in prior service recruiting. Particularly noteworthy is our success in the Navy veteran recruiting market. Of the 5815 prior service veterans recruited thus far in FY 81, 4341 or 75% have been Navy veterans, last year at this time, we had recruited 2828 Navy veterans or 65% of our prior service accessions. Additionally, Navy has seen an increase in the quality of the returning Navy veteran with 54% more top-five Navy veterans recruited this year than last.

Senator Stevens: In what areas is retention a problem?

Answer: Retention of our midgrade petty officers and line officers continues to be our most serious personnel problem. Since FY-74 Navy's E5/9 petty officer shortfall, within authorized end-strength, has increased from approximately 18,000 to a little over 22,000. This severe loss of experienced petty officers means junior personnel without the necessary experience and technical skills will be attempting to do work requiring precisely those attributes. The full extent of Navy's experience loss has been masked to some extent in that the decline (-23,300) in inventory of personnel in length of service (LOS) cell eleven and above that occurred between FY-74 and FY-80 was accompanied by an attendant increase (+22,600) in the LOS 5-10 inventory. Thus, while Navy's senior careerist inventory (LOS 11-31) declined precipitously, the junior inventory (LOS 5-10) increased such that, between FY-74 and FY-80, total inventory (LOS 5-31) declined by only 700.

Poor retention of midlevel officers in Unrestricted Line Officer (URL) communities continues to be a serious problem. Ideally, we need to retain 60 percent of these officers. Of grave concern has been an increase in officer resignation activity from the seventh through the eleventh years of service, a group who previously could be counted on as career officers. The latest retention data indicates that approximately 50 percent of the officers remaining at the seventh year of service leave the Navy by the end of the eleventh year of service. These officers are our ship and squadron department heads, vital assets to our Navy.

Our nuclear submarine and aviation communities have been the most severely hit by low retention, and because of the declining community size, nuclear submariners spend an inordinate number of years at sea. A young submarine officer, contemplating a career in the submarine service, faces 15 years at sea during his first 20 years of duty. Not surprisingly, our officer resignation

surveys have labeled "family separation" as the primary reason for resignation among this group of officers.

Pilot retention has declined steadily from a high of 62 percent in FY-77 to 30 percent in FY-80. Here compensation issues rank as the primary reason for the exodus of this exceptionally expansive resource with "family separation" closely following. We are awaiting your approval to pay an Aviation Officer Continuation Pay in order to keep from causing further manning degradations in the aviation community.

Navy's ability to rectify inadequate retention and build an adequate midgrade career force is dependent upon the restoration of compensation levels on which the viability of the All Volunteer Force rests.

Senator Stevens: The Chief of Naval Operations has stated that although recruitment and retention are alleviating some immediate personnel shortages they are presently unable to assure the Navy's long-range career force. Given the present shortfalls in specific skills as well as the expanded naval fleet proposed by the Reagan administration, what levels of recruitment and retention are necessary to assure a long-term career force and approximately when should these levels be reached.

Answer: In order to grow an enlisted force to man a 600 ship Navy, Navy will be required to access approximately 88,000 non-prior service males and females and 12,000 prior service members a year. While our accession requirements will remain fairly stable Navy will have to sustain ambitious retention performance in order to achieve the 70,000 programmed enlisted end strength growth by FY 87. Navy estimates that retention goals of 47% first-terms, 67% second-term and 98% third-term will have to be sustained in order to man a 600 ship Navy. Even with this ambitious growth, Navy estimates that shortfalls will still occur in the top-five petty officer ranks. The key to sustaining the 47, 67, 98% retention goals and elimination of our petty officer shortfall is increased sustained improvements in compensation.

Senator Stevens: It has been noted that the Navy achieved its FY 80 recruitment goals and actually increased the number of high school graduates, prior service personnel and upper mental category personnel. To what is this attributed?

Answer: Navy's recruiting performances in FY 80 was attributable to the following factors: a revamping of Navy's recruiting policy which provided greater flexibility in the recruiting market while satisfying Navy requirements for trainability and survivability, an incentives program designed to enhance recruiter productivity; adequate sizing of the production recruiter force; the economy, and compensation initiatives passed by the 96th Congress.

Senator Stevens: Does the FY 82 budget provide the requisite funding to continue the upward trend in light of the expanded manpower requirements?

Answer: The FY 1982 budget request identifies the funding required to achieve the quantity and quality of accessions required to meet FY 1982 end-strength objectives. While no official notification has been received from the General Services

Administration concerning vehicle lease and operating rates, there is some indication that these costs will be increased significantly effective October 1, 1981. This increase, which is expected to be well above budgeted inflation rates, will probably result in an unfunded requirement of $500,000 to $1,000,000 in FY 1982.

PERSONNEL SHORTAGES

Senator Stevens: Congress has shown its continued concern over recruitment and retention by initiating various programs aimed at attracting and retaining selected categories of people. Is Congress aware of all personnel shortfalls for which monetary incentives should be approved?

Answer: Congress has been advised of all shortfalls known or forseeable at this time, and of Navy's needs to address them. Among the actions necessary are compensation improvements both in real growth of military pay, and increased special pays such as the Selective Reenlistment Bonus (SRB). These compensation improvements are essential elements in Navy's ability to redress current personnel readiness deficiencies, and further to provide the petty officer base on which to build and sustain career force inventories to man an expanded fleet.

Senator Stevens: Does the Navy foresee any additional skills or ranks which are likely to suffer shortages in the future, and if so, are you initiating measures to counter predictable shortfalls?

Answer: Navy has identified additional skills which are either currently suffering or projected to experience shortfalls in the future, and actions necessary to address them. Current readiness levels require real growth in military pay to address overall shortfalls, and increases in special pays to address remaining skill specific shortages. Force growth necessary to man an expanded fleet also requires increases in compensation levels. A thorough review of personnel inventories on a skill specific basis, which included the expected retention gains from real growth pay raises at levels currently being reviewed by Congress, has shown Navy's ability in FY-82 to effectively utilize an additional $100M in the Selective Reenlistment Bonus (SRB) program beyond that currently requested. This level of funding would allow Navy to improve its current personnel readiness posture, begin to build the petty officer base required to man an expanded fleet, and from which to sustain future petty officer retention needs, and allow for measured growth as Navy moves toward implementation of plans to increase personnel inventories to man a 600 ship Navy.

Senator Stevens: Despite an increase in overall strength, the Navy is currently experiencing a severe shortage of nuclear qualified officers. How is the Navy addressing this problem?

Answer: The newly implemented increases in submarine pay combined with the institution of sea pay for officers are expected to have a positive effect on nuclear officer retention and therefore nuclear officer inventories. Retention decreased to 36% in FY-80 and is projected to decrease to 33% in FY-81. A positive sign, however, is that the 33% projection has increased from the earlier projection made at end FY-80 of 28% as a result of the recently implemented sea pay/sub pay compensation. While it is too early to ascertain the

degree of improvement in nuclear officer retention, through three quarters of FY-81 voluntary resignations by nuclear-trained officers decreased by 70 (28% below last fiscal year). Additionally, eight officers have been recalled to active duty as compared to one in FY-80.

Equally important to resolving the retention problem is attainment of accession goals. A number of initiatives have been taken to correct this under accession problem. The addition of a submarine accession bonus of $3,000 and ability to pay submarine pay at commencement of training has shown some positive effects. The full impact of this authorization has not been realized; however, because passage of implementing legislation came late in the officer recruiting year. With service selection essentially complete for the Class of 1981, a shortfall of 203 officers is predicted. The absence of an initial accession bonus to officers selecting surface nuclear power is adversely affecting accessions in this community which has 57 accessions to date with a goal of 103. With improved pay initiatives and an intensified recruiting program, an improvement in accessions from the Class of 1982 is projected.

Senator Stevens: What is the effect of this deficiency on readiness?

Answer: All nuclear ships are manned at 100%. The manning shortage has not affected readiness. The deficiencies in manning do result in extended and successive sea tours, the gapping of shore billets and longer extended periods of family separation.

Senator Stevens: By when is the shortfall expected to be redressed?

Answer: For the submarine force to meet its officer manning requirements, the attainment of accession goals for at least eight consecutive years and retention of 45% is required. This would project to a FY-90 redressal of shortfalls.

Senator Stevens: The Navy is planning to commission two Trident submarines this fiscal year, and it expects to man these vessels with the crews of three former Polaris subs which have been transferred to conventional forces.

1) Does the action offset the demand for additional nuclear qualified personnel?

2) If not, how will the requisite complement of personnel be made available for these Tridents?

Answer: The Navy anticipates commissioning of the first Trident submarine, the USS OHIO (SSBN-726), in December 1981. The second Trident submarine, the USS MICHIGAN (SSBN-727) is expected to be commissioned one year later in December 1982. Both these submarines are fully manned. The long range program calls for delivery of one Trident submarine each calendar year.

Two former Polaris submarines were decommissioned in February 1981. All personnel previously attached to these ships have been reassigned within the submarine force in a normal career progression. None were directly assigned to the Trident submarine community. The remaining 8 former Polaris submarines will be converted to nulcear powered fast attack submarines (SSN) by the end of calendar year 1981. Manning requirements for these converted SSN's

are equivalent to previous requirements on a single crew of the Polaris submarines.

The accession base for nuclear qualified personnel for the last seven years has been predicated on consideration of personnel requirement changes resulting from the new construction Trident and SSN 688 Class fast attack submarine program. The long range decommissioning plans for both fast attack and ballistic missile submarines were also included in this goaling. All nuclear submarines are presently manned to 100% of requirements. The increased accessions base, together with an anticipated improved submarine force retention posture, will provide an adequate complement of personnel to meet all projected nuclear submarine manning requirements including personnel required for the Trident submarine.

Senator Stevens: The Navy is likewise short up to 2,000 petty officers. What is the impact of this shortage on readiness and training?

Answer: Our number one readiness shortcoming continues to be the shortage of skilled personnel. I am particularly concerned about our continued shortages in electronics, propulsion, and nuclear-trained ratings. Despite adequate overall quantitative manning, these shortages of technical and supervisory skills impair the capability for sustained operations and impact adversely on day to day fleet readiness. In addition, the nature of the petty officer shortfall has had a serious impact on the Navy's ability to train in schools and on the job.

The Chief of Naval Operations established a "safe to operate" review procedure in February, 1980. As a result of this review procedure, we have placed operating restrictions on ships and submarines because they were not adequately manned in particular ratings or paygrades. We have reduced flying hours for the same reason.

Senator Stevens: What programs are continued or initiated in the current budget to alleviate this situation?

Answer: The Navy attributes increased reenlistments in part to the initiatives passed by the 96th Congress such as Sea and Sub Pay, Variable Housing Allowance and the Zone "C" Career Reenlistment Bonus. These measures are continued in the current budget and along with new initiatives such as Career BAS for E-5 through E-9 personnel ashore and an increased reimbursement for travel between duty stations, Navy's ability to retain experienced petty officers should be further enhanced. These initiatives represent the foundation upon which the Navy must build in order to enhance retention such that the petty officer shortfall can be alleviated and the Navy can build the petty officer base necessary to man a 600 ship Navy.

Senator Stevens: How long will these shortfalls exist?

Admiral Zech: Navy estimates that it will take nine years to eliminate our petty officer shortfalls even if the ambitious FY 83 retention goals are sustained. The following table puts these goals in perspective:

Term	FY 79(Actual)	FY 80(Actual)	FY 81(1st Quarter)
1st	37.5	36.7	45.6
2nd	45.3	50.5	59.9
3rd	91.4	91.6	93.5

FY 80(Goal)	FY 83(Goal)
44.4	44.0
52.3	59.3
94.0	95.0

The key to retention is increased sustained compensation. We must continue to build on the foundation vis-a-vis compensation initiatives authorized by the 96th Congress.

Senator Stevens: How does this shortage of petty officers affect the New Jersey battleship and the Oriskany aircraft carrier?

Answer: The NEW JERSEY and ORISKANY can be adequately manned without exacerbating the petty officer shortage. Increased retention, brought on by the compensation improvement in 1980 and the anticipated increases in 1981, is significantly improved over projections. Continued improvement is programmed. In addition, a marked increase in the number of prior service veterans adds directly to fleet experience. Moreover, new programmed accession levels of about 103K through FY 85 are attainable. All told the Navy manpower requirements for NEW JERSEY, ORISKANY, and the new ships to be added to attain a 600 Ship Navy are attainable given continued competitive compensation.

Senator Stevens: What impact does this shortage have on the ability of the Navy to fully man and support the aircraft and ships anticipated for the 1980's

Answer: Navy anticipates manning a 600 ship force by a 1990 timeframe. This would require, in addition to the current 22,000 petty officer shortfall, an additional 28,000 petty officers. Because much of this additional requirement does not occur until the middle of the decade, Navy can begin to "grow" this skilled manpower in the near term, thus improving existing fleet readiness, and at the same time, gearing up to man requirements in later years.

In order to begin an upward trend in growth, however, Navy must continue improved retention gains and increase the accession of prior service veterans. For this to be accomplished, it is essential to achieve and maintain compensation competitive with the civilian sector. Momentum of recent compensation initiatives must be continued. Economic analysis indicates that additive real growth pay increases of about 5 percent each year for three years would increase the Navy E5-E9 manning to levels sufficient to man the increased ships. The 5.3% pay raise proposed by the President for 1 July 1981 is a necessary step in this direction.

Senator Stevens: One other shortage continues to be that of the Nuclear Power Instructor program. Why is it so difficult to retain personnel in this program and what is the Navy doing in the present budget to counter the difficulty?

Answer: Officers selected as nuclear power instructors are highly trained in technical subjects and are sought after by industry. They are Unrestricted Line officers and are assigned only to Nuclear Power School and serve a four year tour. They are commissioned as Lieutenant junior grade as an accession incentive. Their tour at Nuclear Power School does not offer a career opportunity in itself. Because they are compared to their non instructor contemporaries, their promotion opportunity past Lieutenant is limited. They must leave the program to become career officers. Some do this by transferring to the Restricted Line community such as Intelligence or Engineering Duty Officer or the Supply Corps and thereby pursue successful naval careers. Most, however are highly recruited by industry and choose to leave the service at the end of their instructor tour.

No initiatives are being pursued in the present budget to counter this difficulty; rather, the recruiting effort is being intensified.

Senator Stevens: What is the Navy doing to address its shortage of surface warfare officers?

Answer: The Surface Warfare community has long suffered low retention which has caused serious mid-grade shortages. Two recent compensation initiatives, sea-pay for officers and BAQ for single officers serving in ships, have had a definite and noticeable effect on retention. Retention in FY80 was 39%. All indications for FY81 are that retention will be 41-42%. While not a panacea, improved compensation is clearly a major factor in retaining Surface Warfare Officers.

Senator Stevens: The Navy is requesting $18 million to fund an Aviation Officer Continuation Pay, a program designed to retain up to 7,250 naval aviators. Retention of these personnel, however, depends on factors in addition to bonus pay, factors such as quality of life, family separation and civil airlines hiring levels.

What indices has the Navy used to substantiate the need for this bonus?

Answer: Navy is requesting $38.4 million to fund Aviation Officer Continuation Pay (AOCP). Present and projected inventory shortages and future airline hiring demands were included in the indices Navy used to substantiate the need for an Aviation Officer Continuation Pay. Currently, Navy is experiencing a 22% shortfall in pilots and an 8% shortfall in NFOs. Because of this shortage in aviators Navy has been forced to manage the interchangeability of its aviators vis-a-vis billet requirements by using NFOs to fill more traditional pilot billets than ever before. As airline hirings increase in the 1980's, we will continue to see a great demand for this expensive resource and a concomitant decline in aviator inventories.

In 1978, there were 4300 new pilots hired by the airlines. Although this declined to 850 in 1980, it is expected to increase to 2000 by 1983. This new demand for pilots will exceed the number of Air Force and Navy pilots reaching the end of their obligated service in 1983.

Additionally, to demonstrate the effectiveness of AOCP we conducted, in February, a telephone survey of 150 aviators with

resignations pending. The results of the survey indicated that 61 of the 150 would withdraw their letters of resignation and 10 remained undecided. Those who would withdraw their letters of resignation represent approximately $48M in training investment.

Senator Stevens: Over what period of time is this bonus expected to be necessary and what is the projected long-term total cost of the Aviation Officer Continuation Pay?

Answer: We expect that we will have to continue Aviation Officer Continuation Pay until we have sufficiently rectified our aviator shortfalls. Initial projections indicate that we could possibly start to phase the program out in the 1988 or 1989 time frame. Currently, the projected long-term cost to FY-85 is $210.5M. This investment will represent a savings in a training investment of approximately $1.7B because of an expected retention gain by FY-85 of 2300 aviators.

Senator Stevens: The FY82 O&M budget requests $8.9 million so that one pilot may be added to each A-7 squadron to increase the light attack capability of the Navy. At the same time, however, the Aviation Officer Continuation Pay has been requested to stem the outflow of pilots and naval flying officers.

Why is the Navy expanding its demand for pilots in light of high pilot attrition at this time?

How can this demand be met?

Answer: The increasing global responsibilities of the Navy require an expansion of aviation officers as well as other warfare specialties if we are to meet all requirements and maintain an adequate sea/shore rotation. In the case of the A-7 squadron, the requirement for the additional pilot is a direct reflection of longer and more frequent deployments, additional at-sea time, and the increased tempo of operations while at sea. The extra pilot enhances the operational capability of light attack squadrons by reducing aircrew fatigue and thus providing a greater margin of aviation safety.

The demand for additional pilots can be met by improving retention and increasing production. Compensation improvements recently enacted by the Congress, e.g., 11.7% military pay increase, 25% Aviation Career Incentive Pay increase, and those proposed, e.g., 14+% military pay increase, authority to pay Aviation Officer Continuation Pay, an additional increase in ACIP, are expected to significantly improve pilot retention. A steadily increasing Pilot Training Rate is scheduled to meet first tour cockpit seat requirements by FY84. Improved retention assures enough instructor pilots available to meet out pilot production goals.

EXPANDED NAVY

Senator Stevens: The revised FY 1982 budget request calls for 17,200 people over last year's strength authorization for an end strength of 554,700. What force structure changes, if any, will be made to accommodate this higher strength?

Answer: The Carter Budget authorized 537,456 Navy end strength for FY-81 and 549,700 for FY-82. The effect of the Reagan FY-81 Supplemental increased FY-81 end strength to 540,456. Increases went to improvements in fleet manning, the pre-commissioning crew of the battleship New Jersey, with the remainder going towards increases ashore. The Reagan FY-82 Amendment authorized 5000 personnel over the Carter Budget for a

revised end strength of 554,700. This increase includes increases in fleet manning, a full crew for the New Jersey, a pre-commissioning crew for the Oriskany, restoral of end strength for four helicopter squadrons, the intelligence program, miscellaneous personnel support, and restoral of undergraduate helicopter pilot training.

Senator Stevens: How many of these additional personnel are slated for the additional ships and aircraft likewise requested in the FY 82 Reagan budget?

Answer: Of the 3000 personnel in the Reagan FY-81 Supplemental and the 5000 personnel in the FY-82 Reagan Amendment, 2,227 are programmed for the additional ships and aircraft requested in the FY-82 Reagan budget. In the Carter budget 7,969 of the 12,200 Navy Military end strength growth will be going to new ships entering the fleet in FY-82. The nuclear aircraft carrier CARL VINSON requires the majority of this manpower.

Senator Stevens: The active naval fleet is projected to increase from 468 to 493 ships in FY-82. What are the associated personnel costs of manning and maintaining these 25 additional vessels?

Answer: It will take 452 officers and 7,515 enlisted to man and maintain these new ships. Using the FY-82 average cost rates for officers and enlisted, it will cost $127.6M for these personnel.

OPERATING TEMPO

Senator Stevens: The Navy has been operating at a "wartime tempo" serving unprecedented periods at sea without relief of port visits. Primarily, this is due to increased naval commitments coupled with past reduced service strengths. What impact has this level of operation had on service morale, effectiveness and readiness?

Answer: As the Chief of Naval Operations has indicated, not since World War II have we experienced such arduous operating tempos for deployed units as we have in the past year. For example, last year the Norfolk-based USS EISENHOWER was under way for 247 days out of its 252-day deployment to the Indian Ocean. Overall, the average ship's operating tempo exceeds Vietnam levels by about 15 percent. All of this clearly takes its toll, in stress on people and material--some of it deferred by borrowing against the future, but all of it creating a bill which must be reckoned with eventually. Equipment run hard, with maintenance postponed, will ultimately break down. Talented people, repeatedly put through lengthy and arduous deployments, will eventually opt for other careers unless their total reward--psychological as well as monetary--is perceived as adequate recompense for their efforts. It is essential not only that these talented people are paid at a level competitive with the civilian sector, but also that they perceive that the country supports their efforts and appreciates their sacrifice.

EXPANDED NAVY

Senator Stevens: The Navy has requested the recommissioning of two battleships -- the Iowa and the New Jersey -- as well as the Oriskany aircraft carrier. How many additional personnel would be required to man these vessels?

Answer: Should the NEW JERSEY receive the activation/modernization package presently being contemplated, then she would be commissioned in mid FY-83 and the major part of her crew of 62 officers and 1500 enlisted would be required by the end of FY-82. The IOWA will not have manpower requirements until FY-83. Her crew size would also be 62 officers and 1500 enlisted. ORISKANY manpower requirements are 116 officers and 2085 enlisted.

Senator Stevens: How much of the FY 82 manpower authorization request reflects these personnel?

Answer: The FY-82 budget requests the personnel required to fully man the battleship NEW JERSEY and provide a pre-commissioning crew for the aircraft carrier ORISKANY. Personnel for the battleship IOWA will not be required until FY-83.

President Reagan's FY-82 budget includes the following manpower authorizations:

	FY-82	
	OFF	ENL
ORISKANY	15	85
NEW JERSEY	62	1500

These requirements reflect ship board manning, and do not include the required 30% tail to cover training, transients, etc.

Senator Stevens: What are the projected costs of training and maintaining the crews for these particular vessels?

Answer: The cost of training the crews for reactivation of these ships will be minimal. Most of the unique training required will be conducted onboard utilizing ship's systems. That training which is not unique to these ships, i.e. electronics system, basic officer training, etc., will be formal classroom training from the existing training pipeline. Since it is not presently planned to develop any technical schooling unique to the battleship, we foresee no exorbitant training costs due to reactivation.

The cost of maintaining the crews of the battleship New Jersey and the aircraft carrier Oriskany are as follows:

BB NEW JERSEY	$24.5M
CV ORISKANY	$35.2M

The battleship Iowa has no manpower in FY 82.

The above figures were based on FY 82 average costs.

Senator Stevens: What changes in the civilian workforce are necessary to deliver the ships?

Answer: The FY-82 budget includes an increase of 4,490 for Naval shipyards which is primarily related to the reactivation of the ORISKANY and the NEW JERSEY and the overhaul of three diesel submarines. Reactivation of the IOWA is currently planned for accomplishment is FY-83 in a private shipyard.

SELECTIVE REENLISTMENT BONUS

Senator Stevens: The revised FY 82 budget requests an additional $14M to fund the Selective Reenlistment Bonus to retain career naval personnel. What specific job specialties

does this bonus address and how is the bonus calculated and paid?

Answer: The $14M requested in the revised FY 82 budget is required to fully implement the increase in maximum award ($16,000/$20,000 for conventional/nuclear skills) authorized by the 96th Congress. Although this funding requirement is not tied to specific award level increases, without it award level reductions/deletions from the currently planned FY 82 program would have to be effected in 13 rating in Zone A and 10 ratings in Zone B. This would occur at a time when Navy has identified the need for an additional $100M beyond the requested FY 82 level to adequately fund identified inventory shortfalls.

The need for a reenlistment bonus in a particular skill is based on a comparison of its inventory by years of service to the objective force (a qualitative years of service inventory requirement). Once a bonus award level is authorized, the amount of money an individual receives is determined by multiplying together the base pay at the time of discharge, the authorized award level for the skill, and the additional years of obligated service incurred under the bonus qualifying contract. The maximum bonus that an individual may be authorized is $16,000 ($20,000 for nuclear skills).

SPECIFIC BUDGET ACCOUNTS

Senator Stevens: The FY-82 budget requests $668 million for permanent change of station (PCS) funding to correct what has been called an "injustice" to military personnel since relocations benefit the military rather than the individual serviceman. Does the PCS funding provided in this budget correct this "injustice" and if not, what additional measures are possible?

Answer: The $668 million will not correct the current injustice being done to military personnel performing PCS travel for the convenience of the Government. This figure will only provide an increase in the Monetary Allowance in Lieu of Transportation (MALT) to 18.5 cents per mile and maintain the current per diem rate at 45 dollars per diem for the member.

Although MALT can be increased as costs rise, a $50 per diem rate is the maximum authorized by law. The $50 rate has already been found to be inadequate by the Per Diem, Travel and Transportation Allowance Committee. Standard cost data supports a rate of $60 per diem. If reimbursement is to keep pace with inflation legislation is necessary to remove the current cap on per diem rates during PCS travel so that adjustments can be made as costs rise.

Even with the FY-82 increase in MALT plus Per Diem, significant travel and transportation costs must still be absorbed by the individual member and family. Three specific improvements could be implemented by funding increases without accompanying legislation. These improvements are: increases in dependent MALT to adequate levels, increases in Household Goods weight allowances and dependent travel entitlements for Junior Enlisted personnel in CONUS (CONUS JETE). If these improvements were to be initiated in FY-82 an additional $24.9 million would be required.

A Temporary Lodging Expense (TLE) is also necessary to fully reimburse military members for PCS travel. This measure is included in legislation currently pending before Congress. If enacted into law, the provision of a TLE will require additional funding of $28.8 million.

A recent GAO report recommended that military personnel be entitled to dependent per diem and a fully funded househunting trip when ordered PCS. These measures would also be required to correct current travel injustices to military members. Both of these recommendations would require legislation to implement.

The approval of the increases in member MALT plus per diem as included in the $668 million along with the other measures just discussed would adequately correct the injustices in PCS travel entitlements currently experienced by military personnel.

Specific Budget Accounts

Senator Stevens: Is the number of moves more or less than that for FY 1981?

Admiral Zech: There are 9,060 fewer moves planned for FY 1982.

RAPID DEPLOYMENT FORCE

Senator STEVENS: What role will Navy and Marine Corps regular and reserve forces play in the Rapid Deployment Force?

ANSWER: Navy and Marine Corps regular forces are forward deployed in the Indian Ocean and other areas of vital interests to the US. These forces are ready for immediate employment as the vanguard of a US response in a crisis. The Rapid Deployment Joint Task Force is planning for the employment of up to three Carrier Battle Groups and a Marine Amphibious Force (MAF). The MAF consists of both an amphibious force embarked in amphibious shipping and the Near Term Prepositioning Ships Marine Amphibious Brigade. Reserve forces provide filler personnel and selected units such as the Civil Affairs Group, that are not a part of the regular forces.

Specific Budget Accounts

Senator Stevens: Please explain the $1.2 million allocated to the National Foreign Intelligence program.

Admiral Zech: The Military Personnel, Navy appropriation requires $1.2 million for the pay and allowances for the additional manpower assigned to this program. These members perform a classified mission in Foreign Intelligence endeavors.

SPECIFIC BUDGET ACCOUNTS

Senator Stevens: The FY-82 Navy Budget requests an additional $5.7 million for a new program which will pay single unaccompanied personnel a cost-of-living allowance for assignment overseas. These personnel, however, are those living in barracks and receiving their meals on post. For what expenses then is this funding designed?

Answer: COLA is paid to offset overseas reductions in the purchasing power of military income caused by overseas economic conditions. The availability of military facilities at overseas locations is considered when the COLA rates for various locations are prescribed: personnel in an area with an abundance of facilities would have a lower COLA than personnel in an area with no facilities (because they would be less impacted by having to purchase goods on the local economy).

Our bachelor personnel living in government quarters and provided with government subsistence are impacted in many of the same ways as married personnel and bachelor personnel not provided with government quarters and/or meals. In fact, COLA is unrelated to housing and utility rates; housing and utilities are incorporated into the housing allowance system. All personnel using on-base facilities feel the impact of the local economy for resale on base. It was determined that on the average forty-seven percent of the disposable income of bachelor personnel being provided with government quarters and subsistence is spent in categories affected by the local economy.

On-base prices of goods and services are impacted by wages paid to local-national hire personnel and/or procurement of local merchandise for resale. By policy, Army/Air Force exchanges charge prices that are 5% higher than CONUS exchange facilities. This further erodes the purchasing power of servicemembers not receiving COLA. Other personnel receiving COLA have their purchasing power, both on-base and off as economic and currency fluctuation adversely affect their pay. The 47% COLA that would be prescribed protects that portion of spendable income used for the purchase of goods and services not otherwise provided by the United States Government. For this reason, barracks COLA is necessary to ensure that these personnel, as well as all others overseas, have their purchasing power protected.

Expenditure Category 1/	Spending Pattern % of Discretionary Income
Food consumed at home	25.0
Tobacco-Alcohol	5.2
Personal care	3.8
Laundry	1.4
Dry cleaning	1.7
Furnishings/Household operations	10.7
Clothing	12.8
Medical/Dental care	1.9
Recreation	7.3
Transportation	11.5
Domestic service	1.1
Food consumed away from home	7.5
Miscellaneous	10.1
	100.0

1/ Expenditure categories used by Per Diem, Travel and Transportation Allowance Committee (PDTATAC).

After reducing the 100% disposable income base by percentages reflecting goods and services provided to barracks dwellers, 47% (46.8%) of spendable income should have COLA augmentation as follows:

Expenditure Category 1/	Spending Pattern % of Disposable Income
Food consumed at home	0.0*
Tobacco-Alcohol	5.2
Personal Care	3.8
Laundry	1.4
Dry cleaning	1.7
Furnishings/Household operations	0.0*

Clothing	3.8*
Medical/Dental care	0.0*
Recreation	7.3*
Transportation	11.5
Domestic service	0.0*
Food Consumed away from home	7.5
Miscellaneous	4.6*
	46.8 or 47%

*Categories Reduced

1/ Expenditure categories by Per Diem, Travel and Transportation Allowance Committee (PDTATAC).

Specific Budget Accounts

Senator Stevens: The $5.7 million requested for singles Cost-of-Living Allowance (COLA) is targeted against a total population of 21,086 officer and enlisted personnel. Please provide the accounting methodology used to compute the amount Navy personnel will receive under this new appropriation.

Admiral Zech: The estimate included in the Military Personnel, Navy appropriation request for single Cost-of-Living Allowance (COLA) was computed as follows:

	Officers	Enlisted	Total
Estimated number of members overseas	10,400	96,500	106,900
Estimated number without dependents	x25% 2,600	x56% 54,040	56,640
Estimated number currently entitled to COLA	1,504	12,964	14,468
Number remaining unpaid COLA	1,096	41,076	42,172
Estimate 50% will become entitled	548	20,538	21,086
Rate 47% without dependent	$372.26	$267.60	
Amount	$204,000	$5,496,000	$5,700,000

RDF

Senator Stevens: What role will Navy and Marine Corps regular and reserve forces play in the Rapid Deployment Force?

Answer: Forward deployed active Naval forces will play a major role in Rapid Deployment Force (RDF) operations utilizing the full range of Naval combat capabilities. It is anticipated that Navy and Marine Corps reserve force will be included in RDF operations. Also, sealift would be an essential element of any realistic plan to deliver, support and sustain our RDF in a contigency situation.

Senator Stevens: Is FY-82 funding adequate to cover all personnel and material requirements?

Answer: It is difficult to allocate a pro rata share of Navy funding requirements to any particular mission and therefore, I will not attempt to only address in isolation the adequacy of

funding for the Naval forces supporting the RDF. The Navy today is about fifteen billion dollars behind with respect to near-term readiness, and another ten billion behind where longer-term readiness and combat sustainability are concerned. Regarding personnel funding, shortages of mid-grade officers and petty officers underline the importance of the work done by Congress last year in the military compensation area. It is too early to gage the long-term impact which compensation improvements will have on retention. The initial indications suggest an overall upturn which will clearly help alleviate immediate shortages, but we have not reached the sustained levels necessary to assure a healthy career force over the long run. More needs to be done.

Senator Stevens: Will the deployment of the Rapid Deployment Force require the reassignment of any units earmarked for NATO defense?

Answer: Quoting the CNO, "In addition to our longstanding presense in the Mediterranean and the Western Pacific, we have had added requirements to maintain a major force in the Indian Ocean and to increase our presense in the Caribbean, while continuing our large NATO force contributions in the North Atlantic and Norwegian Sea, maintaining our periodic presence along the African and South American littorals, and increasing the frequency of our visits to the South Pacific -- an area of growing Soviet interest and involvment. The result is that a Navy half the size it was ten years ago is required to cover more than twice the ocean area it guarded a decade earlier. The net result is that our limited forces are seriously over extended. We have managed to keep our bases covered only by severely thinning down our presense in areas of traditional commitment, such as the Mediterranean and the Western Pacific--maintaining a reduced force, capable of coping with limited problems, but which would require major and immediate augmentation in the case of serious trouble." Deployment of a significant Naval force for the RDF may require a redeployment of forces needed for NATO missions.

Senator Stevens: Is FY82 funding adequate to cover all personnel and materiel requirements?

Answer: The FY 1982 Procurement, Marine Corps funding request for support of the Rapid Deployment Force (Maritime Prepositioned Ships Program) is considered adequate for near term requirements. Minor PMC funding shortfalls for total outfitting of the first MPS Brigade exist; however, an outyear funding base has been established to support anticipated needs. This base will most likely require adjustment due to the considerations associated with prospects for introduction of new items, industrial capacity, and economic order quantities. The FY 1982 O&MMC funding is adequate to support the desired level of readiness of the Marine Corps assets earmarked for the Rapid Deployment Force at the completion of the funded delivery period with some exceptions such as deficiencies in spare stocks. The Marine Corps could deploy the RDF MAF with all supplies by drawing down on other force assets.

The Fiscal Year 1982 funding to support the personnel requirements of the RDF is considered adequate. In particular, manpower initiatives, reflected in the Fiscal Year 1981 Supplemental and Fiscal Year 1982 amended sub-

mission, to increase overall Fleet Marine Force manning of logistics support units, air defense battalions, and aviation maintenance squadrons will substantially improve the personnel readiness of RDF designated units. While certain programs require additional funds for Fiscal Year 1982 (Selected Reenlistment Program), the deficiencies are not directly associated with RDF personnel requirements.

Senator STEVENS: Will the deployment of the Rapid Deployment Force require the reassignment of any units earmarked for NATO defense?
ANSWER: Yes. Most US land and air forces identified for employment with the RDJTF are earmarked, in one category or another, for NATO defense.

Senator STEVENS: Are there sufficient personnel and equipment to deploy both NATO and RDF forces simultaneously?
ANSWER: The RDJTF employs, (deleted) forces that are earmarked for NATO commitment. Furthermore, the shortage of strategic mobility assets, sealift, airlift and amphibious shipping, restrict our ability to meet deployment and supportability requirements for NATO and Southwest Asia simultaneously.

Senator Stevens: Are there sufficient personnel and equipment to deploy both NATO and RDF forces simultaneously?
Answer: Quoting the CNO, "In the Naval area today our country is overexposed and underinsured. Our margin of comfort is totally gone. We are operating at the ragged edge of adequacy when it comes to our globally disposed naval forces. We have been able to manage only because our forces have not been subjected to the added stress of combat anywhere in the world. Were contingency requirements superimposed on the equation, we would clearly have to reassess our priorities, and forego our presense in some areas that we now consider essential." Therefore, this could include some NATO missions if the RDF were required simultaneously with a NATO WARSAW PACT contigency.

SHORSTAMPS

Senator Stevens: In 1972 the Navy began work on a new Shore Requirements, Standards, and Manpower Planning System (SHORSTAMPS) designed to determine shore -- rather than operation -- manpower needs. What is the status of this program, what portion of the FY 82 budget is devoted to SHORSTAMPS, and when is the program expected to be fully implemented? How effective is SHORSTAMPS?

Answer: Currently 153,000 spaces or 29% of the shore establishment population is covered by SHORSTAMPS. The Navy's SHORSTAMPS budget for FY 82 is $15.1 million, with approximately $5.3 million of this targeted for contractor support. The program is planned to be fully implemented by FY 87 with initial standards coverage of about 70% of the shore population or a total of 372,000 spaces. The SHORSTAMPS program is tracking towards that goal. Significant progress has been achieved since the major program reassessment in March 1979. We are currently on track

with our implementation objectives, however, attainment of future milestones is contingent upon adequate resources to include funding, controlled personnel manning, and specialized training of assigned personnel. The SHORSTAMPS program is becoming increasingly effective in assisting manpower claimants in acquiring and reallocating resources through the POM process.

GAO Report

Senator Stevens: A GAO report dated April 3, 1981 discussed the vulnerability of the Navy's Sea Systems Command to fraud, waste, and abuse because of weak internal controls. What is the Navy's response to these charges?

Answer: I. GAO Findings and Recommendations.

GAO states that inadequate internal controls over several fiscal and managerial activities of the Navy make them vulnerable to fraudulent acts as well as nonintentional misuse of Federal funds. The GAO indicates that a need exists for improving internal controls at NAVSEA headquarters, NRFC, and the Norfolk and Charleston shipyards. Specifically, there is a need for (1) better internal controls over payroll, computers, procurement, disbursements, receipts, and travel and (2) actions to improve internal audits.

Payroll processing duties are not sufficiently divided among employees to provide adequate checks and balances; record counts and predetermined totals are not used effectively, personnel offices are not informed of what personnel transactions are posted to master payroll files; and payroll lists are not routinely compared with personnel lists to identify possible discrepancies.

Controls over security at the Charleston and Norfolk shipyards and NARDAC are inadequate to prevent unauthorized access to computer resources. Programmers were allowed unrestricted access to the computer rooms at Charleston, Norfolk, and NARDAC. Also, computer operators at the above locations have access to systems documentation. Furthermore, access to the tape library is not adequately restricted at the three computer centers.

Additional controls are needed over procurements and disbursements by check at NAVSEA headquarters and NRFC. Internal controls over procurement procedures were inadequate at NAVSEA headquarters. NRFC has made both duplicate and erroneous payments because of insufficient reviews of payment requests and a lack of necessary automated system edits. Also, improvements are needed in review of travel plans, orders, advances, and claims. Furthermore, better controls are needed over accounts payable and receivable operations at the Charleston and Norfolk shipyards.

GAO believes these situations exist because management has not emphasized the need for good internal control systems. The lack of sound internal controls at the above locations makes them vulnerable to fraud, waste, and abuse.

GAO also stated that Navy internal audit activities are not achieving their full potential because audit findings often do not describe the underlying causes of problems; there are not enough audit resources; and internal auditors are not involved in ADP planning. Management does not always know what corrective action needs to be taken to prevent problems from recurring and the frequency of reviews of its operations are not sufficient to assure that the risks of fraud, waste, and abuse are minimized. The Assistant Secretary of the Navy (Financial Management) stated that "both audit and internal review are essential to Navy management". However, GAO believes that this statement is not consistent with the decreasing emphasis in resources allocated to Navy internal audit organizations.

GAO made eleven recommendations to SECNAV (listed on pages 31-33 of the GAO report) which are discussed in the DOD comments below.

II. DOD Comments

The DOD position as presented in Appendix II to the final report is still current subject to the supplementary remarks for some of the GAO comments and recommendations which follow.

1. Pages 31 and 52 - GAO Recommendation #1

Comments: DOD comments on GAO's finding and recommendation still apply.

2. Pages 31 and 53 - Recommendation #2

Comments: Concur in part with the recommendation. With respect to the DON internal review program, doctrinal oversight and administration was recently assigned within NAVCOMPT. One civilian position was identified for this function from in-house resources and recruitment efforts are in process. When this position is filled, the incumbent will be the Navy's "central internal control officer" for DON internal review. This action is fully supportive of GAO's recommendation and, when staffed, full time efforts will be initiated to accomplish the following major tasks:

(1) Announce formal establishment of the NAVCOMPT staff office for DON internal review cognizance.

(2) Update/expand and promulgate internal review policy Navy-wide.

(3) Develop a handbook for field use containing internal review policy, staffing and training guidelines, general study/review techniques, reporting requirements and procedures, and other aspects of the program.

(4) Provide ongoing guidance to field internal review components and headquarters commands.

(5) Coordinate internal review findings among Navy audit organizations, various headquarters commands, DOD components and other federal agencies.

(6) Monitor Navy-wide internal review performance and report evaluation to higher authority as required.

3. Pages 32 and 57 thru 61 - Recommendation #5

Comments: The comments provided on pages 57 through 61 concerning the Navy Regional Data Automation Center, Washington, D. C. indicated that most of the findings would be resolved when the command consolidated at the Washington Navy Yard (WNY) all the data processing facilities during the second quarter of Calendar Year 1981. Due to funding shortfalls and technical problems, the equipment move from Crystal Mall to the WNY has slipped to the spring of Calendar Year 1982. To reduce the risk of operating at Crystal Mall, interim standard operating procedures have been adopted and the application programmers have been relocated.

The GAO comment on page 62 states that OPNAVINST 5239.1, dated 2 April 1979, was issued as a stopgap measure. This is incorrect. The instruction was issued as a standing directive. The Department of Defense enclosures are still valid and the inclusion of them within a Navy instruction should not be construed as lessening the instruction's applicability or authority.

Current efforts are underway to provide improved guidance by issuing a Department of the Navy (DON) Automatic Data Processing Security Manual. The development of this manual should not be taken to indicate the 1979 instruction was unsatisfactory or a stopgap measure. The draft manual has been revised numerous times and was forwarded for final concurrence within DON. The final manual will be published in late summer 1981. The areas of concern raised by GAO are addressed within the physical security requirements of the draft manual.

4. Pages 32 and 65 - Recommendation #6

On page 32 GAO recommends "that NAVSEA (1) implement procedures for the processing of requests for office equipment, (2) perform internal reviews of contract overhead charges to ensure that only authorized items are charged, (3) review the contract and funding documents used in acquiring the office equipment to ensure that other charges are proper and are accounted for, (4) provide specific detailed guidance on the use of funding documentation".

Comments: Action on items (1), (3) and (4) was initiated as a result of NAVSEA internal review. Reviews of contract overhead charges for contracts subject to audit are a Defense Contract Audit Agency responsibility. The Navy will request audits when appropriate.

5. Pages 32, 65 and 66 - Recommendation #7

Comments: There is no requirement for Navy Disbursing Officers (DO's) to maintain signature files and verify authorized signatures. This is a requirement for Treasury DO's, since pecuniary responsibility lies with the certifying officer (i.e., if a payment is made wherein the certifying officer is not listed in a current file, then the Treasury DO holds liability for that payment). Within Navy, unauthorized purchases are detected by the Authorized Accounting Activity and ultimately by the Fund Administrator when expenditures are processed and corresponding obligations have not been established. Therefore, Navy's position is that maintaining and checking signature is error prone, cumbersome, etc., and the absence of this procedure does not unduly jeopardize the Disbursing Officer's liability.

In NRFC's (Washington) initial response to Recommendation 7 (page 66), the internal procedures for handling incoming checks were outlined, but did not elaborate on the record of receipt made in the mailroom. Since the GAO has added "mailroom" to their statement, clarification is in order. Mailroom controls are considered adequate inasmuch as a numerical receipt control number is annotated on each check received. Thereafter, mailroom personnel prepare a daily log showing the receipt numbers used on checks, attach it to the checks and associated documents, and forward the daily receipts to the Fiscal Control Department for proper deposit. The Fiscal Control Department enters each mailroom assigned check receipt number in their log which provides a clear audit trail accounting for all checks received.

6. Pages 32 and 71 - Recommendation #48

Comments: The requirement to separate accounts receivable as recommended by GAO has been a part of the accounting system prescribed in NAVSO P-1242 (NIF Handbook for Naval Shipyard) published in November 1974, as amended in September 1975. The reporting of this requirement has been further implemented by NAVCOMPTINST 7331.4B of 22 May 1978, Subj: Electronic Submission of Navy Industrial Fund Data.

GAO comments (page 71) indicate that the finding on page 70 was retained in the report because "shipyard officials were unable to explain why these receivable were written off". The implied lack of knowledge on the part of shipyard officials is not true but is indicative of misunderstanding on the part of the Auditors or failure by shipyard officials to adequately communicate. As set forth in the DOD comments on this finding on page 70 of Appendix II, it was not that the shipyard officials did not know why these receivables were written off but rather that they could not answer why the supply system did not give credit for the excess material turned-in.

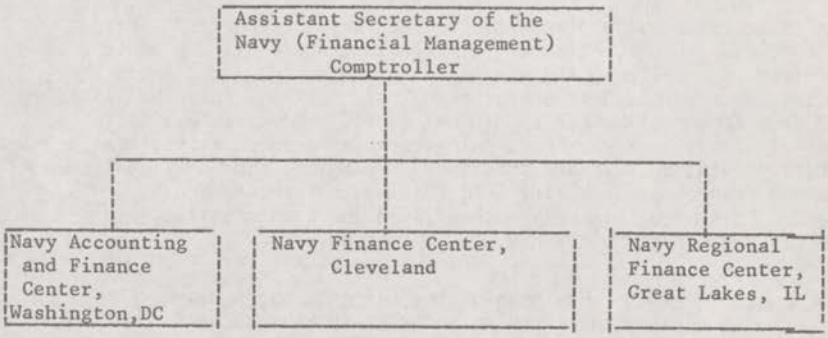
7. Pages 22, 32 and 73 through 76 - Recommendations #9 and 10

Comments: GAO states that, due to their interpretation of the Federal Travel Regulations (FTR), their internal travel

processing procedures require supervisory review to insure that trips were performed during period claimed. Presently, this is not a requirement of the FTR or JTR, Volume II. Neither is it a requirement of JTR, Volume I. In a previous GAO draft report entitled "Increased Productivity in Processing Travel Claims Can Cut Administrative Cost Significantly - Perhaps by half - 10 Sep 80", GAO recommended to GSA that the FTR be modified to include such a supervisory review. GSA apparently plans to include this requirement in the FTR in the near future. Navy travel procedures currently reflect existing policy of the JTR and FTR and are correct.

8. Page 5 - DON Organization Chart

Comments: The command relationship of the Navy Accounting and Finance Center (NAFC) is incorrect with respect to Navy Finance Center, Cleveland (NFC) and Navy Regional Finance Center, Great Lakes (NRFC). NAFC is one of three NAVCOMPT finance activities reporting through the Assistant Comptroller for Financial Management Systems (NCF) to the Deputy Comptroller (NCD), the echelon 1 command relationship is as follows:



9. Appendix II, Pages 46 and 47. NAVSEA's comment on the lack of perspective in the GAO report elicited a GAO response, quoted partially as follows: "The number of times a deficiency exists is not as relevant as the fact that it occurred -- indicating a weakness in internal control which invites more of the same deficiencies".

Comments: This philosophy of internal control cannot easily be applied to a large organization. Some discretion must be available to management officials to determine error rate or standards. The premise of an "error free" environment is not realistic and is not assumed in any large administrative activity. Instead, controls must be imposed on significant processes which will allow the activity to function while maintaining quality control and system checks.

10. Page 47.

Comments: GAO's statements concerning exit conferences are not accurate as applied to the Naval Sea Systems Command. At the meeting referenced by the GAO "to discuss the contents of the checklist of internal control weaknesses (Appendix I)", NAVSEA officials were presented with copies of Appendix I without the benefit of draft findings or recommendations.

11. Page 48.

Comments: A portion of the last GAO comment on this page is as follows: "The purpose in this series of reviews by the GAO Fraud Task Force is to assist the various governmental agencies in preventing fraud, waste, and abuse of governmental funds. A more

positive attitude by commands such as NAVSEA would greatly aid in attaining this objective". The last sentence is not understood. There is nothing in the GAO report to indicate that a negative attitude exists in NAVSEA.

12. Page 54.

Comments: In response to GAO's comments on the need to match payroll and personnel files, the Personnel Automated Data System (PADS) is the official Navy personnel reporting system. NACMIS is an operational supporting sub-system which may in time replace PADS.

Norfolk Naval Shipyard still indicates that the list of discrepancies was not made available to shipyard officials at the exit conference. Some time after the exit conference, GAO provided a photocopy of a pencilled listing that was substantially illegible and advised shipyard officials that no clearer copy was available.

Alcohol and Drug Abuse

Senator Stevens: What is the record of the Navy as regards prevention and treatment of alcohol and drug abuse?

Answer: The Navy has established an excellent record insofar as treatment of alcoholics and drug abusers is concerned. Navy's alcoholism rehabilitation centers are internationally recognized as centers of excellence and are emulated the world over. Among the military services, Navy operates the only facility for rehabilitation of drug-dependent members. Without degrading our rehabilitation capabilities, we are strengthening the programs for alcohol and drug abuse prevention. We are shifting emphasis toward illegal drug use by expanding capability in detection, deterrence and law enforcement. This more balanced program is intended to significantly reduce drug abuse in the Navy and Marine Corps.

Senator Stevens: How much of the current budget request is devoted to curbing this problem and what remains to be accomplished?

Answer: Navy's FY 1982 budget includes $10.729M for drug abuse programs and $17.949M to fund programs addressing alcohol abuse and alcoholism. Through the budget process, additional resources are being sought for FY 83 to enhance drug and alcohol program efforts.

CIVILIAN STRENGTHS

Senator Stevens: The Department of the Navy is complying with statutory ceilings on civilian end strength. Indeed, civilian strength has been reduced and the number of higher grades is expected to decrease 6% by the end of this fiscal year.

What effect have these ceilings had on Navy readiness, morale, and management capabilities?

Answer: We believe the statutory ceilings are causing increasingly deleterious effects on morale, readiness, and our ability to effectively manage complex and growing problems. The reductions already taken have brought us to austere levels - demanding more sustained sacrifices in time and energy on the part of our people than are deemed prudent for effective management. The adverse effects on the future quality of Navy civilian personnel also will be severe, especially in the research, engineering, and acquisition management communities where approximately one in four employees are GS-13's and above. It is also becoming increasingly difficult to compete with the private sector for scientific, engineering, and managerial talent. Diminished career opportunities, combined with a constrained pay system, motivate the brightest of

our work force to leave Navy. These employees, many of whom are in GS-11 and GS-12 positions, are being lost after considerable investment has been made to bring them to a level where they can significantly contribute to the development and acquisition of sophisticated weapons systems. We must be able to offer adequate career opportunities and status commensurate with responsibilities if we are to attract and retain the high quality people we need. This is why we have strongly advocated the removal of the existing statutory ceilings.

Senator Stevens: Why has the Navy requested readjustments in civilian end strengths?

Answer: The amended (Reagan) budget request for FY 1982 includes 5,160 civilian end strength for FY 1981 and 3,650 end strength for FY 1982 which were not included in the initial Carter budget estimates. The FY 1981 end strength for Aircraft Rework Facilities was increased by 2,865 and Shipyard end strength was increased by 500. The addition of 729 end strength in FY 1981 was required for positions that were planned for contracting out but are not executable in FY 1981. A total of 300 end strength have been added in FY 1981 to administer the process of reviewing commercial/industrial functions for possible contracting out. The additional 766 end strength for FY 1981 are to provide manning for an MSC operated combat stores ship, additional investigative service agents, supply support and real property maintenance functions. The Aircraft Rework Facilities require an additional 1,765 end strength for FY 1982 to accomplish aircraft maintenance work load funded in the FY 1982 Amendment and 4,795 end strength have been added to the Shipyard end strength levels for FY 1982. The FY 1982 estimates assume an additional decrement of 3,800 end strength based upon additional positions being identified for study and possible conversion to contract performance. Additional investigative service agents in FY 1982, manning and administration of commercial/industrial function reviews, which were provided for in FY 1981, account for nearly all of the remaining FY 1982 balance of 890 additional end strength.

GI BILL

Senator Stevens: One factor which adversely affects retention rates is the requirement to use the GI Bill before it expires at the end of 1989. What educational benefits does the Navy now provide to attract and retain high caliber personnel?

Answer: The expiration of the current GI Bill in 1989 is having a significant adverse impact on Navy retention. Those who face a reenlistment decision today will make that decision assuming that to fully utilize their GI Bill benefits, they must leave the service now rather than reenlist for four years. The result is that many are leaving rather than waiting to see if the 1989 date is extended. The Navy strongly supports the extension of the 1989 date until 10 years after an individual's release from active duty.

There are two basic ways in which the Navy presently provides educational benefits to attract and retain high caliber personnel. First we offer an extensive voluntary education program called the Navy Campus to all personnel. Servicemembers located at shore installations can attend classes on base provided by an array of civilian colleges. Navy Campus provides high school completion programs, Associate Degree and Baccalaureate Degree programs, and in some instances, selected graduate level courses. For those servicemembers deployed at sea, the Navy has the Program for Afloat College

Education (PACE). Both vocational and introductory level courses are given through the PACE program. Tuition assistance is provided to personnel pursuing off-duty study. Secondly, the Navy established two educational programs in 1980, the Enlisted Education Advancement Program (EEAP) and the Enlisted Commissioning Program (ECP). The former enables a carefully selected group of high potential enlistees to pursue an Associate Degree and the latter enables enlistees, who already have completed the first two years of college, a chance to complete their Baccalaureate Degree and receive a commission.

In addition, the Navy has officer accession programs at the undergraduate level (at the Naval Academy and selected civilian institutions). Similarly, a select number of high caliber officers can pursue graduate education at the Naval Postgraduate School and at some civilian colleges and universities.

Senator Stevens: Would the Navy benefit from a reintroduction of a GI Bill?

Answer: Yes, the Navy would benefit from a reintroduction of a GI Bill because education is a means to enhance the quality of our enlisted force. If a program of educational benefits was established for all personnel, this would serve to attract greater numbers of men and women into the Navy who are oriented toward improving their own potential. The Navy needs highly capable servicemembers to support the increasingly technical systems of our ships and aircraft. An educational benefit program will help us retain experienced careerists if the program emphasizes in-service opportunities. The Navy does not support any program that would focus only on educational benefits that can be used after one leaves the Service. Additionally, the Navy strongly supports the extension of the 1989 termination date of the current GI Bill. This termination date is forcing many of our mid-grade petty officers to leave the Navy now in order to fully utilize their GI Bill benefits.

NAVY RESERVE

Senator Stevens: Mr. Secretary, how much of Navy's war-authorized strength is provided by Reserve individuals and units?

Answer: Navy FY-82 wartime strength is projected to be made up of 11% Selected Reserve units and 14% Individual Ready Reserves.

Senator Stevens: Mr. Secretary, does the present Reserve structure and manning level adequately support Naval Reserve peacetime and wartime missions?

Answer: The Naval Reserve's peacetime and wartime missions are similar. In peacetime we train for mobilization and in wartime the Selected Reserves (SELRES) mobilize to man Naval Reserve commissioned units and to augment active forces. Individual Ready Reserves would be assigned to bring all SELRES units to 100% manning in wartime.

Senator Stevens: Mr. Secretary, the FY 82 budget supports an average Selected Reserve strength of 87,600. A recent examination of the Navy Manpower Mobilization System, however, demonstrated an increased strength requirement for over 110,000 of these personnel. Please explain.

Answer: For FY 82 the Navy Manpower Mobilization System (NAMMOS) has determined Navy's Selected Reserve requirements

to be approximately 112K. However, at this time, efforts are under way to improve the petty officer quality mix of the existing 87K Selected Reserves. In the programming years, a gradual strength increase is planned.

FF-1052 SELRES MANNING

Senator Stevens: Knox class frigates are now being assigned to Naval Reserves to replace the WW-II-vintage destroyers. Moreover, new FFX-class frigates are likewise scheduled to begin operations in the late 1980s. Are present Reserve force levels sufficient to operate these and projected Reserve acquisitions?
If not, why does the FY 82 budget envisiononly a 200 man increase in end strength?

Answer: There will be sufficient Naval Reserve personnel to operate the FF-1052 frigates when they begin entering the Naval Reserve Force (NRF) in FY 82. The current plan calls for the FF-1052 to replace the FRAM I destroyers on a one for one basis through FY 84. It is not envisioned that additional personnel to meet the needs of the NRF frigates will be required in the near term.

Naval Reserve Helicopter Squadrons

Senator Stevens: The FY 82 Budget continues the funding of active duty maintenance crews for four HS Reserve Helicopter Anti-Submarine Warfare Squadrons and two HAL Helicopter Light Attack Squadrons. What is the role of these units and how do they affect Reserve capabilities?

How much of the FY 82 Budget is devoted to supporting these squadrons?

Answer: Two of the four HS Reserve Helicopter Anti-Submarine Warfare (ASW) squadrons provide the only onboard ASW protection for the two aircraft carriers that the Reserve air wings deploy to upon mobilization. These helicopter assets are included in various CINC Operations Plans (OPLANS). The other two Reserve HS squadrons provide the balance of the helicopter ASW surge capability in the Navy. The four Reserve HS Squadrons also provide the sole training assets for 164 Reserve pilots and 644 Reserve enlisted helicopter specialists, including 48 pilots and 180 enlisted that are preassigned to fleet mobilization billets to bring active HS squadrons up to wartime manning strength.

The two Reserve Helicopter Light Attack (HAL) squadrons represent the only Navy assets in this warfare specialty. Their mission is close air support for Special Warfare units, clandestine insertions and extractions of personnel behind enemy lines, defensive suppression, demolition attacks, limited overhead combat rescue, and other normal helicopter tasks. These assets are included in various CINC OPLANS for use in various wartime contingencies.

The FY 82 Budget (amended) provides $12.0 million in funding for these six squadrons; $7.0 million in O&MNR, $4.0 million in MPN and $1.0 million in RPN.

Transfer from Pay Group B to Pay Group A

Senator Stevens: The Navy proposes that 3,400 officers be transferred from Pay Group B to Pay Group A. How much is budgeted for this transfer and in what way will this strengthen the readiness posture of the Naval Reserve?

Answer: The FY 82 RPN Budget provides for the transfer of 3,426 Officers who previously drilled in Pay Category B (24 paid drills) to Category A (48 paid drills). An additional $5.773 million was included for this purpose. This action corrects the previous unsatisfactory management situation where the leadership of numerous Selected Reserve units was authorized pay for only one-half of the drills that enlisted members of the same units are authorized. More importantly, the transfer increases drill training to the level of the basic drill requirement and enhances the ability of the effected units to attain their readiness goals. The proposed transfer also eliminates the potential legal exclusion of these units from the President's 100,000 Selected Reserve Recall authority.

NAVAL RESERVE EQUIPMENT AND MATERIAL

Senator Stevens: What are the major equipment and material shortages of the Naval Reserve?

Answer: Major items of equipment (such as ships or aircraft) with a needed operational capability are assigned to the Naval Reserve as the result of the receipt of newer, more capable equipment for Navy's active operational forces. In addition, the Navy continuously reviews the assignment of forces to determine if entire mission areas or significant portions thereof can be assigned to Naval Reserve status without unacceptably diminishing the Navy's capability to meet current operational or mobilization requirements.. Naturally, these assignments are made only if the Naval Reserve has the capability to man, operate and maintain these forces. Therefore, the Naval Reserve equipment "requirement" is often simply a reiteration of the equipment that is currently assigned.

However, there is a new program to significantly upgrade the equipment (ships) assigned to the Naval Reserve Force (NRF). For example, the first four (4) of 12 FF-1052 class frigates scheduled for the Naval Reserve are to be transferred in Fiscal Year 1982 to replace the over 35 year old FRAM destroyers. Also, Navy is pursuing a plan to introduce directly into the Naval Reserve Force a new class of frigate based on either new design or modification of an existing hull. This phase-in of modern ships will have a beneficial side effect in that equipment shortages and obsolete systems which currently exist on the older ships will be replaced with more modern machinery and electronic systems. Unfortunately, a constrained budget has resulted in an aircraft procurement plan for the Navy's active force that, in general, only supports the replacement of aircraft losses anticipated during Fiscal Year 1982. Therefore, there is only very limited modernization of the Naval Air Reserve Force as the result of more capable aircraft of a later series of models currently assigned to the Naval Reserve being transferred from the active forces. There is a major program to modify the P3 aircraft in the Naval Reserve to make them more compatible with active aircraft and signficantly improve their operational capability. Authorization for funds for the Fiscal Year 1982 portion of this Tactical Navigation Modification (TACNAVMOD) program was increased $30.3 million by the Senate and

the House Armed Services Committees to accelerate this important program during Fiscal Year 1982.

The Construction Forces continue to experience shortfalls in the replacement of other cargo handling equipment and vehicles and Civil Engineering Support Equipment acquisition although some replacement is routinely scheduled in each budget year.

FY 82 BUDGET FOR EQUIPMENT AND MATERIAL

Senator Stevens: How much of the FY 82 budget is devoted to correcting equipment shortfalls?

Answer: The FY 1982 budget provides a total of $139.097M in funding to correct equipment and material shortfalls as follows:

	($000)	
O&MNR	62,732	(Note 1)
OPN	8,076	(Note 2)
APN	68,289	(Note 3)
TOTAL	$139,097	

Material and equipment costs associated with contractual services are not identified separately for the Naval Reserve.

Notes: (1) Includes additional Mobile Inshore Undersea Unit modifications and vans, Mobile Mine Assembly Group Laboratories, Harbor Clearance Units/Damage Control training equipment, personnel support equipment, Construction Battalion Detachment Material, Reserve Air Wing Aviation Consolidated Allowance List support and Prepositioned War Reserve.

(2) Includes support of Shipboard Simulator and Damage Control trainers, purchase of general administrative equipment, habitability items, forklift trucks, other cargo handling equipment, cryptologic equipment needed for training and meeting mobilization mission requirements.

(3) Primarily consists of modifications to aircraft currently in inventory.

MARINE CORPS END STRENGTH INCREASE

Senator Stevens: The Marine Corps requests $54 million to fund a 4,000 end strength increase. What funding profile was used to determine the final figure of $54 million?

Answer: The $54 million represents the funding increase in the Reagan Amendment to the fiscal year 1982 request originally submitted by the Carter Administration. Marine Corps end strength growth of 4,000 will actually be accomplished during fiscal years 1981 (+2,500) and 1982 (+1,500). The recently approved fiscal year 1981 supplemental authorized an end strength of 190,600 and approved the necessary funding support, to include an additional $30.2 million for much needed reenlistment bonuses. The $54 million

increase in the amended request supports the fiscal year 1981 growth and funds the additional 1,500 end strength in fiscal year 1982 - a total of 110 officers and 3203 enlisted manyears above the original Carter budget. Included within that amount was a $10 million increment to the reenlistment bonus program. As was the case for fiscal year 1981, however, the bonus amount is now considered insufficient to fully meet the reenlistment needs by skill area for the higher 192,100 end strength. An additional $32.3 million is required to sustain the program potential and avoid restricted execution. In short, the $54 million increase in the fiscal year 1982 Reagan Amendment provides for the necessary manyear growth, but does not provide sufficient funds to support requirements for retaining experienced, higher trained Marines in hard skill occupational fields that are experiencing shortages.

Senator Stevens: How much of the strength increase is devoted to

1) prior service;
2) education;
3) sex;
4) accession/retention increases?

Answer: The 4,000 end strength increase is a combination of 2,500 males during fiscal year 1981 and 1,500 males during fiscal year 1982. The adjustments are distributed as follows:

	FY81	FY82
Extended Active Duty Reserves	+200	+200
Enlisted Accessions (Officer Candidate Program)		+85
Officer Accessions		+142
Reenlistments		
Immediate	+1000	+500
Prior Service	0	0
Enlisted Attrition (improved attrition)	-1214	-600
Officer Attrition (improved attrition)	-86	+27
End Strength Change	+2500	+1500

We continue to be successful in our efforts to attract high school graduates; we planned for 75%, however for FY 1981 we are projecting 85%.

PERMANENT CHANGE OF STATION

Senator Stevens: The revised Reagan fiscal year 1982 budget for the Marine Corps requests $7 million to fund Permanent Change of Station (PCS) travel which was excluded from the original fiscal year 1982 budget because of a misinterpretation of Joint Travel Regulations. Please elaborate on the need for this appropriation.

Answer: The initial problem was surfaced during the formulation of the fiscal year 1982 budget submit when an interpretation of costing guidance was made that recruits in an accession travel status were not entitled to per diem. The funds in fiscal year 1982 which had been appropriated were then internally realigned to cover the increased requirement in operational moves and separation per diem. This realignment reduced recruit per diem in both fiscal year 1981 and fiscal year 1982.

After completion of the budget review and submission of the final draft of the fiscal year 1982 budget, the Assistant Secretary of Defense Comptroller took exception to the realignment of funds for recruit per diem. The Marine Corps was directed to restore accession travel per diem funds to the level to which Congress had appropriated. This reversal caused an under funding of operational moves and separation per diem requirements and generated the requirement for submission of a program supplemental for these items in the fiscal year 1981 Carter supplemental.

During that same period, the fiscal year 1982 budget amendment was being prepared and the Marine Corps, under allowable fact-of-life changes, was permitted to correct the misinterpretation of the Joint Travel Regulations and fund the payment of per diem to recruits in a travel mode which had been excluded in the original January 1981 submit.

AVIATION OFFICER CONTINUATION PAY

Senator Stevens: $12 million of the Marine Corps budget is allocated to the Aviation Officer Continuation Pay. Specifically, how many pilots and naval flying officers are expected to be retained if this appropriation is approved?

Answer: The $12 million allocated for fiscal year 82 has been revised to reflect a new cost of $14.8 million. This increase is the result of the projected number of pilots who will delay application for Aviation Officer Continuation Pay (AOCP) until 1 October 1981. Although the bonus will be distributed among all eligible pilots and naval flight officers, the AOCP is expected to retain 107 aviators (84 pilots and 23 naval flight officers) in fiscal year 82.

FUNDING FOR INCREASED RESERVE END STRENGTH

Senator Stevens: $6.6 million is requested to provide 645 non prior service personnel for initial active duty for training. Do current reserve recruiting levels support a higher reserve strength? Are any changes projected to accommodate additional reservists? What quotas exist within this 645 as regards prior service? education? sex?

Answer: The requested $6.6 million provides funding for a Fiscal Year 1982 end strength of 38,540. This is an increase of 1,887 over Fiscal Year 1981 of which 38 percent are non prior service. This ratio is based upon the necessity for a proper mix of non prior service/prior

service of roughly 70/30 percent. Empirical data reflects that non prior service individuals can be recruited at the level of about 8,000 per year. Although the Presidental Budget submit contains a Fiscal Year 1982 quota for non prior service of 7,800 NPS, this figure is being revised upward to 7,952. It would not be prudent to attempt to recruit non prior service at higher levels, particularly considering the increasing requirement for prior service to fill skill and grade shortages. It is projected that an average of 4,000 - 6,000 prior service accessions will be required each year to attain the goal of reaching wartime requirements in overall personnel strength by end Fiscal Year 1986. Educational requirements remain at 75 percent for non prior service accessions, the same as the active force. With regard to women, the Marine Corps policy is that women will not be assigned to any unit within which they would likely become engaged in direct combat with the enemy. Women may be assigned to other combat support/service support units in a designated hostile fire area as long as such assignment does not routinely expose them to direct combat action. Women will not exceed 10 percent of any Fleet Marine Force units's authorized strength manning level. Non prior service goals are established to maintain the women population in the Selected Marine Corps Reserve at three percent, which is a reflection of the combat - combat support structure in the 4th DWT.

MARINE CORPS RESERVE TRAINING

Senator Stevens: $1.7 million is earmarked for two types of Marine Corps Reserve training: Reserve Counterpart and specialized skill refresher training. Exactly what do these training programs encompass and what portion of the total funding is assigned to each type?

Answer: The $1.7 million addressed in the question is reserved exclusively for Reserve Counterpart Training (RCT) and is the incremental difference between the original Carter ('82) Presidential Budget submit which provided for $1.25 million for 731 participants and the amended Reagan ('82) Presidential submit which provided for $2.095 million for 1,695 participants. The total funding level for the RCT program is $2.9 million which is $1.7 million over the original Carter '82 Presidential submit. This additional $1.7 million will provide valuable training opportunities for an additional 964 members of the Individual Ready Reserve (IRR).

The RCT program is designed to prepare individual reservists, both officer and enlisted, for mobilization assignments by placing them alongside their active duty counterparts in a two week program to refresh and enhance their military skills. Assignments are made on a year round basis at Fleet Marine Force units, posts, and stations throughout the United States during periods in the reservists career when Selected Marine Corps Reserve billets are not available. The RCT program will provide a medium through which mobilization designees are trained, thereby ensuring the individual possesses the necessary skill level to perform in their mobilization billets.

This program has been exceptionally well received by

both the host commands and participating reservists. Nearly 1,500 officers and enlisted are programmed for participation this fiscal year; over twice the number during Fiscal Year 1980. The encouraging response from individual reservists can be shown by the over 2,000 responses received for RCT assignments from members of the IRR. Of these, over 400 officers and enlisted have actually participated while the remaining 1,100 reservists have accepted orders and are awaiting assignments during the remainder of Fiscal Year 1981.

A heartening by-product of the RCT program has been the increasing number of requests for individual reservists to augment regular tactical headquarters during large scale exercises. Individual reservists participated in a Rapid Deployment Joint Task Force exercise with I Marine Amphibious Force, a III Marine Amphibious Force exercise in Korea, a desert firing exercise at the Marine Corps Air Ground Combat Center, Twentynine Palms, California, as well as a Joint Chiefs of Staff mobilization exercise. This type of employment affords a unique opportunity to assist the regular Marine Corps in the full spirit of Total Force while providing excellent pre-mobilization training in a stimulating wartime environment for the reservists involved.

The specialized skill refresher training mentioned in the question and previously included in the Pay Group D Category, is funded in the budget line for training of IRR personnel within the schools tours portion of the RPMC budget. The budget amount of $946,000 in Fiscal Year 1982 provides for the assignment of 631 IRR members to professional and occupational field training and provides a complimentary adjunct to RCT. Specialized skill refresher training includes two week professional development education courses at the Marine Corps Amphibious Warfare School, Command and Staff College, Naval War College, Armed Forces Staff College and Landing Force Staff Planning Courses. Additionally, Military Occupational Speciality training is accomplished by formal refresher courses in a particular occupational field. These courses include Motor Transport School, Personnel Administration School, Avionics Repair School and Track Vehicle Repair School to mention a few.

This, together with the RCT program and the enthusiastic participation by individual reservists, has proven to be a highly successful and innovative means of ensuring the mobilization readiness of the IRR.

RESERVE SHORTAGE IN TOP FIVE PAY GRADES

Senator Stevens: What is the Marine Corps Reserve doing to alleviate the 28 percent shortage in its top five enlisted pay grades? What is the effect of this shortage on readiness and capabilities?

Answer: The shortages in the top five enlisted pay grades relate directly to skill shortages. Over one third of the SMCR units are reporting degraded readiness for this reason alone. Fourth Division unit readiness, for example, decreased eight percent during this fiscal year for lack of skill qualified personnel. The solution to this problem appears to be in attracting qualified

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prior service personnel and retaining a greater number of prior service personnel in the Selected Marine Corps Reserve who presently transfer to the Individual Ready Reserve.

RESERVE PERSONNEL PROBLEMS

Senator Stevens: Please discuss the current problems existing in the Marine Corps Reserve of high non-end-of-service attrition, low prior service recruiting and specific skill shortages. What efforts is the reserve making to address these problems?

Answer: Non end of obligated service losses are averaging 1,849 per year which equates to an average loss rate since Fiscal Year 1977 of 5.6 percent. In Fiscal Year 1980, non end of obligated service losses amounted to 2,568 for 6.1 percent rate. A recent study indicates that the majority of these losses occur either immediately after a reservist returns from IADT or at the 12 or 24 months milestones in the enlistment. The primary reasons for this attrition were found to be a lack of identity between the Reserve enlisted and the parent SMCR unit and a perception that inactive duty training (drill) was repetitive, dull and unimaginative. Actions being taken to ameliorate these problems are: (1) a new entry level training and tracking system for Reserve recruits; (2) a SMCR unit sponsorship program and (3) emphasis on the conduct of inactive duty training from home sites. The new entry level training and tracking system and the sponsorship program were developed from findings which attributed part of the attrition to weaknesses in the decentralized management of IADT. Interviews with the recruits indicated less that 50 percent knew which Reserve unit they belonged to, where they would receive initial skill training and how long they would be on active duty. Selected Marine Corps Reserve units, on the other hand, were unable to monitor the progress of their enlistees through Initial Training. A centrally managed Reserve Entry Level Training and Tracking System has now been instituted. Direct communication channels have been opened and reinforced between the recruiting service, SMCR units, training commmands and Headquarters Marine Corps. The sponsorship program "marries up" the non prior service individual with his/her unit at time of initial contracting, ensures communication between the unit and the individual during recruit and initial skill training and provides assistance from a unit member on a one-to-one basis during the first few drills after returning from active duty training.

Fiscal Year 1980 was the third consecutive year in which prior service recruiting goals were not met, despite reducing the quota in each of those years. Over the past five years only 87 percent of the quota has been obtained. This has resulted in a net decline of seven percent in the SMCR prior service population over the past three years. The mix of prior/non prior service individuals in the SMCR is essentially dictated by the ranks and skills required in the 4th DWT structure. As a result, approximately 30 percent of the force must be prior service Marines in order to ensure the resident maturity, grade balance and technical expertise to

accomplish assigned missions. Presently, only 72 percent of the prior service requirement is on board. Should this negative trend be allowed to continue, the prior service population is projected to decline to 50 percent of the requirement by Fiscal Year 1984. Passive recruiting has not worked. A comprehensive prior service recruiting program, to reverse this unacceptable situation, which includes trained, full-time Reserve recruiters, a comprehensive referral system, inducements, advertising, logistic/administrative support, centralized management and a rapid reporting-feed back system has been developed to reverse this unacceptable situation. Funding to support this program is included in the Fiscal Year 1982 amendment.

MARINE CORPS RESERVE EQUIPMENT SHORTFALLS

Senator Stevens: What are the major equipment and materiel shortages of the Marine Corps reserve and how much of the Fiscal Year 1982 budget is devoted to correcting these equipment shortfalls?

Answer: The SMCR possesses only that equipment which can be maintained and allow units to meet training requirements. Approximately 45 percent of the total equipment authorized by the units' Tables of Equipment (T/E) fall into this category. The remaining equipment is programmed to be held in a protected status at the Marine Corps Logistics Bases, Albany, Georgia and Barstow, California. The equipment in these two areas is modern and up to date. Equipment shortages do exist in PWR stocks to attain a full wartime T/E upon mobilization.

The supportability test for Exercise "PROUD SPIRIT" revealed that the fill rate for equipment required to outfit the SMCR is only 38.8 percent with a $171 million deficiency. The ability to outfit units assigned early augment/reinforce roles was 48 percent of the required fill rate. The overall stores system is 61.7 percent deficient for principle end items necessary to fill the SMCR initial issue. This equates to an overall shortage of approximately 33.5 percent in principal end items after applying the T/A held by units and the attainment of PWR assets held in the stores system against the total T/E requirement. There was also a deficiency of 73 percent or 15.9 million for repair parts to support a full wartime T/E upon mobilization.

Assets to fulfill Near Term Prepositioned Ships (NTPS) requirements were drawn from War Reserve stocks as well as from active and Reserve forces. The removal of PWR assets from the stores system has caused a 10-12 percent reduction in items available for issue as reported under UNITREP.

The correction of these SMCR deficiencies is being considered in overall planning for the Marine Corps inventory objectives for principal end items and repair parts. However, when considering the total overall Procurement Marine Corps (PMC) and Stock Funded profiles, correction of SMCR initial issue and repair part deficiencies cannot be readily identified.

Funding of the PWR shortages identified during "PROUD SPIRIT", and return of the equipment withdrawn

from War Reserve stocks to support NTPS will be necessary before the Marine Corps Reserve Units can be fully equipped.

Project HAIL is the Chief of Naval Operations Special War Reserve Program to support the 4th DWT with medical, dental and aviation parts and equipment (0-90th day upon mobilization). Due to the low priority for funding, a $53 million deficiency exists in the aviation peculiar items. The medical and dental support items show a deficiency of $5.6 million.

WARTIME STRENGTH IN ACTIVE MAF'S

Senator Stevens: How much of the wartime strength of the three Marine Amphibious Forces is provided by Marine Corps reserves?

Answer: The 91,883 active Reserve represents (deleted) percent of the total available active Marine Corps manpower. Marine Corps plans call for the Marine Corps Reserve to provide up to (D) thousand personnel to augment and reinforce the three active Marine Amphibious Forces (MAFs) between (deleted), The figures include Selected Marine Corps Reserve units as well as individual reservists required to fill shortfalls in Active and Reserve units. This represents roughly a 23 percent manpower increase for the three active MAFs.

In addition to augmenting and reinforcing the active MAFs, the Selected Reserve is programmed to provide a Marine Amphibious Brigade of nearly (D) thousand personnel and provide a nucleus for reconstitution of a fourth Division and Wing. Also, up to (D) thousand individual reservists will be required to expand the supporting base to meet contingency requirements.

If augmentation and reinforcement is not ordered, the Selected Marine Corps Reserve must be prepared to mobilize a Division Wing Team consisting of (D) thousand Reserve Marines.

MARINE CORPS RESERVE EQUIPMENT SHORTFALLS

An aging inventory of aviation assets is also a very real concern. With the exception of UH-1N helicopters all the aircraft are Vietnam or pre-Vietnam vintage. The average age of the attack aircraft is between 13 and 17 years. Fighters average 14 years of age and transport helicopters average 13 years in age. These aging aircraft require increased maintenance time which limits the amount of combat readiness training that can be accomplished. For example, the average Fleet-wide Direct Maintenance Man Hour/Flight Hour (DMMH/FH) expended to maintain the F-4S is 40.3 as compared to 53.7 for the F-4N in the 4th MAW. For transport aircraft, the comparison is 15.2 man hours for the KC-130R in the Fleet versus 25.9 for the KC-130F in the 4th MAW.

The age problem is further aggravated by a lack of aircraft. For example, the one C-130 squadron, while authorized 12 aircraft, actually only possesses six. This situation exists in spite of the fact that the Marine Corps-wide inventory is not sufficient to meet wartime requirements. The AH-1 squadron lacks 67 percent

of authorized aircraft. The OV-10 community is short three aircraft. The impact is permanently reduced squadron readiness and inadequate support to aviation and ground unit training.

A modest modernization program has been proposed. Included in the Fiscal Year 1982 amendment is funding for the introduction of an EA-6A squadron. In the future, we hope to replace the F-4N and A-4 E/F with the F-4S and A-4M as they are phased out of the active forces with the introduction of the F-18 and AV-8B. Similarly the possibility of adding another F-4 squadron is being pursued. AH-1 and OV-10 aircraft may become excess to the active force in the Fiscal Year 1983-87 time frame which, if realized, will help to alleviate the readiness problem described. Correction of the critical aerial refueler/intra-theater transport shortage, however, is primarily dependent upon the ability to procure additional KC-130 aircraft for Marine Corps Reserve Aviation.

CHANGES IN RESERVE PERSONNEL CATEGORIES

Senator Stevens: The Marine Corps selected reserve projects a five percent strength increase for Fiscal Year 1982. This five percent, however, reflects basic shifts of personnel strengths within the various pay groups. What is driving these changes in personnel categories?

Answer: Of the 1,887 strength increase in Fiscal Year 1982, 46 percent is for unit strength, 37 percent for Individual Mobilization Augmentee strength and a 17 percent increase in Full Time Support personnel. Lessons learned from the last mobilization exercise, PROUD SPIRIT, have clearly identified the need for a greater number of trained, readily mobilizable individuals to fill billets throughout the Marine Corps which will be critical at the outset of mobilization during a contingency or war. Following Department of Defense guidance, the plan is to preassign and train these individuals in their mobilization assignments utilizing training assemblies and/or annual training. The present base of 236 IMAs is projected to expand by 700 during Fiscal Year 1982. Examples of locations where IMA's will be assigned include Fleet Marine Force staffs, Operation Centers, mobilization processing centers, recruit depots, schools, and the like. There is also a greater need for full-time support personnel. In a time of competing demands for skilled personnel, there is a finite limit to full-time active duty support. The addition of 380 full-time personnel in Fiscal Year 1982, beyond the 133 now authorized under Sections 265, 672(d)/678, Title 10, USC will permit the realization of these readiness enhancement measures urgently required to expand the mobilization potential of the Reserve.

FULL-TIME RESERVE SUPPORT PERSONNEL

Senator Stevens: The Reagan Fiscal Year 1982 budget provides for 380 full-time support personnel to administer, recruit, and train Marine Corps Reservists. The Fiscal Year 1981 budget provides for only 66 of these

personnel. Why is such an increase in full-time support necessary?

Answer: The Marine Corps already contributes 4,435 active duty officers and enlisted to the Reserve component. This is a significant and visible manifestation of the Marine Corps' commitment to the Total Force. On the other hand, in a time of competing demands for skilled personnel, there is a finite limit to full-time active duty support. For this reason, we intend to make use, for the first time, of the provisions of Sections 672(d)/678, Title 10, USC to bring on active full-time Reserve support personnel to assist the regulars in organizing, recruiting, instructing and training the Reserve component. Additional full-time Reserve support personnel are required to enhance the readiness of the Selected Marine Corps Reserve and improve responsiveness of the Individual Ready Reserve.

Selected Reserve Readiness Enhancement

The cutting edge of the Marine Corps Reserve is the Selected Marine Corps Reserve. Increasingly stringent mobilization response parameters to meet contingency requirements necessitate the attainment of a higher Selected Reserve readiness posture. Recognizing this, funding has been requested for the necessary full-time Reserve support personnel essential to two elements of the readiness enhancement program; phased modernization of the 4th Marine Aircraft Wing, and prior service procurement and retention.

The phased modernization program of the 4th MAW is critical to realizing an aviation structure which is capable of augmenting and reinforcing the active forces with modern aircraft.

The first step is the introduction of an EA-6A squadron in Fiscal Year 1982. To incorporate this vital new capability into Marine Reserve aviation will require an additional 21 Marines. Rather than seek to add to the some 2,500 active duty Marines now assigned to support Marine aviation, the best course of action is to seek full-time Reserve support, following the example of the other Reserve components. The alternative would be to forego the opportunity to add this strategic reconnaissance asset or divert active duty technicians who are already in short supply.

The next step is to add another F-4 squadron plus additional KC-130's, AH-1's and OV-10's. With the exception of the UH-1N helicopters, all the Marine Reserve aircraft are of Vietnam or pre-Vietnam vintage. The average age of the attack aircraft, for example, is between 13 and 17 years. These aging aircraft require increased maintenance time which limits the amount of combat readiness training that can be accomplished. Additionally, C-130, AH-1, and OV-10 squadron readiness is permanently degraded due to insufficient aircraft. The addition of the aircraft mentioned will do much to ameliorate this problem, as well as to increase the total aircraft available to augment the active force. Adequate F-4, AH-1 and OV-10 aircraft are projected to be available in the outyears to support this modernization and capability enhancement, but KC-130 procurement will be required to achieve our goals in this critically short,

aerial refueler/inter-theatre transport, mission area. Again, however, an expansion of capability in maintenance intensive aircraft will require more skilled support personnel. Additional full-time Reserve support personnel provide the key to achieving this capability without placing inordinate demands on the active forces.

There has been a net decline of seven percent in the Selected Reserve prior service population over the past three years. Should this negative trend continue, the prior service population is projected to decline to 50 percent of the requirement by Fiscal Year 1984. In order to maintain the necessary 30 percent - 70 percent ratio of prior service to non-prior service, a total of 11,126 prior service is required. The cumulative effect of this failure to recruit will be a 6,022 deficit in prior service by Fiscal Year 1982. Up to now, we have relied on passive recruiting by reserve units to attract prior service Marines. This approach has obviously not worked. The decline is directly attributable to the lack of full-time, trained Reserve recruiters. Based on historical data, a trained recruiter can produce 2.7 prior service accessions a month. To recruit the shortfall will, therefore, require 186 recruiters. In this instance, it is up to the Reserves to help themselves. Non-prior service accessions are recruited under a total force recruiting program manned by active duty recruiters. It would be unfair to ask the actives to pick up this additional burden which benefits only the reserves, when the Congress, through Title 10, has provided the means through which full-time reserve personnel can be brought on active duty for the purpose of recruiting to the Reserve component.

Another serious problem is attrition. For example, losses before end of obligated service have been averaging 5.6 percent a year. Last year, the loss rate was up to 6.1 percent. In 1980, we lost one first term Marine for every one we reenlisted; for a total loss of 6,959 Marines, for all reasons, during the year. A comprehensive retention program, which includes trained full-time support Reserve personnel, a comprehensive referral system, inducements, centralized management and a rapid reporting/feedback system is essential.

Twenty-eight full-time Reserve support personnel are considered a modest investment to operate a program of such scope and importance.

The impact, if full-time Reserve support personnel are not provided as requested, would result in inadequate attention to the major problems of declining prior service strength and retention; with the inevitable degradation in combat readiness. Full-time Reserve support personnel are the keystone -- a modest investment with a high yield rate.

Individual Ready Reserve Response Improvement

While unit readiness remains of paramount concern, individual readiness is receiving greater attention. The Department of Defense has directed the Services to improve individual reserve management, improve the skill mix, increase the size of the IRR, and preassign and train individual reservists to satisfy mobilization requirements.

At the present time, the IRR is not adequately grouped, for management and training purposes, to assure the availability of the proper mix of trained personnel to meet wartime requirements. Further, we lack an adequate organization to manage and insure the mobilization readiness of our individual reservists. These are serious defects. So, we are moving out rapidly to correct them.

There is no adequate management organization for our 55,000 individual Marine Reservists. The other services have such in-being organizations and the lack within the Marine Corps Reserve has led to criticism by the General Accounting Office, Defense Audit Service and Naval Audit Service in the areas of management, pay, administration, training and ADP system support.

An organizational structure consisting of personnel, facilities and equipment will be established at Kansas City to receive, administer, assign, train and discharge individual reservists. Integral to this management organization is an ADP capability to support the administration, pay and pre-mobilization assignment of selected individual reservists, during peacetime, and adequate system support for the mobilization of pre-trained individual reservists during contingency or war. This is perhaps the most important management initiative that has been undertaken since the formation of the 4th Division and Wing.

The management requirement is exceptionally demanding. Over 105,000 records must be serviced. A population of 55,000 Marines must be administered, paid, pre-assigned and trained. Nearly 75,000 Marines may have to be mobilized. The current Marine Corps Reserve Support Center at Kansas City is incapable of assuming these tasks. The organization of 10 active duty and 119 civilians realizes a support ratio of 1:581. The addition of 145 full-time Reserve support personnel will permit the establishment of a modest organization with a support to supported ratio of 1:203. While this ratio is high and the modest staff will be severely tasked, we believe that the job can be accomplished through minimal span of control, clear cut functional lines, fixed responsibilities, and maximum decentralization of execution with centralized management and control. We also believe that the automated data processing capability, which will be organic to this organization, will offset to some extent the need for a lower support/supported ratio.

The number of full-time Reserve support is small compared to the task, but without them it would be impossible to fill the void in individual reserve management capability or satisfy the Department of Defense requirements for management and training of individual reservists. With them, we can provide the vital capability needed to meet Marine Corps mobilization requirements.

In summary, the addition of 380 full-time personnel in Fiscal Year 1982 will permit the realization of these readiness enhancement measures. Further active force full-time support is not practical. Approval of the additional full-time reservists is the only alternative. Not to do so would be tantamount to artificially capping the expansion and mobilization potential of the Reserve.

QUESTIONS SUBMITTED BY SENATOR RUDMAN

PERSONAL INCOME TAX EXEMPTION

Senator Rudman: Secretary of Defense Weinberger recently floated a proposal designed to retain personnel according to which the first $20,000 of annual military pay would be exempted from federal taxes. Beyond the arguments raised by those who claim that increasing annual compensation is a more realistic antidote to recruitment and retention shortfalls than a bending (or revision) of the present tax code, wouldn't such a proposal be geared primarily to those individuals least in need of additional financial incentives to remain in service? Inasmuch as this proposal is being considered for possible inclusion in the FY 1983 budget, how realistic is it in terms of targeting those elements of the Navy/Marine Corps deemed most essential for the operational tasks associated with, for example, the Rapid Deployment Force?

Mr. Murray: The tax proposals are designed to attract people into the career force. Because of the current tax structure, the primary benefits derived from a tax cut accrue to those who are more senior. It is estimated that most enlisted personnel and many junior officers would pay no taxes under the $20,000 exemption program. Those who would derive the greatest benefit are those paying the greater amount of taxes. As an example, an E-5 who is married and files a joint return with four exemptions would receive an approximate increase in Regular Military Compensation (RMC) of 2% because he is only paying $248.03 in taxes now. An E-9 with 26 years of service would receive about a 9% increase in RMC.

Targeting would be difficult.

SIX YEAR ENLISTMENT

Senator Rudman: I understand the Administration is actively considering a proposal designed to save $10-15 billion in annual military costs by stretching new enlistments to a six-year minimum and limiting some promotions. This plan, aimed at curbing training and retirement costs while boosting job experience, might be submitted to Congress next year as part of the FY 1983 budget.

Under the plan, compensation for new recruits could be raised as much as 15-20% from the current base salary of approximately $500 a month to induce individuals to sign up for 6 years. Moreover, according to information I've received, strict new standards would be imposed for promoting enlisted men and women to the ranks of non-commissioned officers. The rationale apparently is that, by limiting the top 15-20% of enlistees to such promotions (thus enhancing the probability that they would become career military personnel), costs associated with high pay and expensive pensions could be markedly reduced. At least, that is the reading I get from cursory reports of the plan, i.e. that it is hoped that its introduction would decrease eligibility rates for those positions entailing additional personnel costs.

(a) Kindly comment on the plan.

(b) Do you feel this plan realistically addresses the retention issue, or is it simply a budget-paring device

which overlooks, if not exacerbates, some of the problems currently affecting Navy/Marine Corps manning levels?

Mr. Murray: The Navy acknowledges the desirability of longer first term enlistments and currently has three highly technical fields which require a six year obligation. These three programs, Nuclear Field, Advanced Electronics Field, and Advanced Technical Field, all require 50 to 96 weeks of training. We have found that the primary reason individuals are willing to obligate for six years is the lengthy, technical training they will receive. We have considered adding other ratings to the six year programs; the limiting factors are the kind of training we offer (not all ratings require extensive training) and the marketability of that training upon completing six years of service. (Some skills do not have a civilian job counterpart.) It is, therefore, doubtful whether we could obtain the requisite number of new accessions for every rating, even with additional pay, if all were required to obligate for six years.

The portion of the proposal dealing with limiting reenlistments to 15-20% of those completing the initial 6 year obligation would not assist the Navy in its manpower problems. Navy's greatest need is for the experienced technically trained senior petty officers with eleven to 20 years of service. Limiting the numbers eligible to reenlist at the six year point would exacerbate the critical shortfalls already being experienced by Navy.

Forcing all services to follow the six year obligation, limited reenlistment proposal does not allow for the differing needs of the services. Each of the services requires management flexibility in order to ensure that their particular needs are met. Navy will continue to increase the length of service obligation from 4 years to 5 or 6 years for those ratings that the recruiting market will support, providing attrition does not increase. However, the limited reenlistment proposal does not meet Navy's needs at all and will exacerbate the already critical manning problems being experienced at the senior petty officer levels.

FOODSTAMP ELIGIBILITY

Senator Rudman: In response to a request from Senator Nunn for information concerning military food stamp eligibility, the General Accounting Office, in a December 1980 report, concludes that, in spite of recent pay increases, almost 20,000 enlisted men and women were eligible for food stamps in FY 1980.

The GAO estimate represents approximately 1.1% of the 1.8 million total enlisted military population. The Pentagon estimates, however, that about 25% more personnel (closer to 25,000 individuals) were eligible for food stamps last year. The GAO further estimates that 21,000 Service members will be eligible for food stamps this year due to an increase in the US Department of Agriculture's eligibility standards, which became effective last July. That figure is expected to change once again in July 1981, when USDA further adjusts its income eligibility standards.

(a) What are your own figures concerning the number of Navy/Marine Corps enlisted personnel eligible for food stamps?

(b) How do you account for the seeming anomaly of an increase in food stamp recipients coinciding with a concerted effort to increase basic compensation?

Mr. Murray: Because of the complexity of both the food stamps eligibility criteria and the military compensation system, it is difficult to accurately predict the number of military people actually eligible for food stamps assistance. The GAO analysis, like other studies conducted previously, relies heavily on certain assumptions to simplify the quantitative problem. Estimates of military personnel potentially eligible for food stamps in the neighborhood of 25,00 are considered reasonably accurate, but it is hard to be certain when much depends on individual financial circumstances not known to us.

The GAO report further states that despite "the 1981 increase in military compensation, the number of members potentially eligible for food stamps increased because USDA's net monthly income eligibility standards increased in July 1980, as well as the number of E-4 and E-5 personnel with a family size of three to six. The number of members eligible could increase again in July 1981 when USDA adjusts its income eligibility standards."

The GAO assessment is consistent with actual food stamps redemptions at commissaries, which indicates that increasing numbers of military families are depending on this welfare program.

Questions Submitted by Senator Stennis

Inefficiencies of End Strength Controls

Senator Stennis. Your statement mentions the problems caused by end strength controls on employment of civilian personnel. Would you please explain a bit more why the end strength controls established by the Authorizing Committees do not allow the programmed work load to be accomplished in the most efficient manner?

Mr. Murray. The civilian end strength levels contained in the President's Budget request represent a balanced work load/work force posture that will permit accomplishment of the current budgeted program. However, there are two reasons why end strength controls lead to inefficiencies. First, the Department of the Navy employs substantial numbers of temporary employees, primarily at industrial activities. Temporaries are an efficient means of accommodating work load surges but can be less efficient when used in lieu of full-time permanent personnel for work of a continuing nature. If end strength controls were eliminated, we feel that we would be able to achieve a more efficient mix of full-time permanent and temporary employees in our industrial work force.

Second, in budget execution we experience continuing changes in work load and work force requirements for such reasons as delays in delivery of supplies and equipment from the private sector, increases in ship overhaul work that cannot be accurately determined until work begins and condition of equipment is assessed, and emergency requirements. Obtaining approval for end strength changes is a time-consuming and cumbersome process that can result in costly delays in performing required work.

The Department of the Navy believes that the level of funded work load, as reviewed and approved by Congress, is the more efficient mechanism for control of Navy work, and should be the determing factor in civilian employment levels. The authorization of operation and maintenance funds will make statutory end strength controls even more redundant. Elimination of statutory end strength ceilings is recommended.

CIVILIAN PERSONNEL MANAGEMENT IMPROVEMENTS

Senator Stennis: Would you also expand on the improvements that the Navy has made in administering the civilian work force.

Mr. Murray: Most of Navy's recent improvements have resulted from the Civil Service Reform Act (CSRA). Navy's implementation of the Civil Service Reform Act has given command and activity managers increased authority and responsibility for management and control of the civilian personnel program functions within their purview. At the same time, the concept of centralized evaluation and assessment of program effectiveness has been strengthened.

During the past two years, major claimants and field activities have been given the authority to take numerous personnel actions that previously had to be acted upon at Navy headquarters or at the Office of Personnel Management levels. Examples are the authority to classify positions at the GS-13 and above levels, the approval of hiring military retirees within 180 days of retirement and the capability to conduct examinations to qualify for Civil Service employment. These changes give field activity management increased ability to direct civilian personnel program operations to contribute to mission needs efficiently.

Command and activity management participated with Navy personnel specialists in the development of Navy's systems for Senior Executive Service (SES), Merit Pay Systems (MPS) and Basic Performance Appraisal Program (BPAP). After two years of SES operation, and one year of MPS operation, reviews indicate that the Navy designed systems are effectively and successfully meeting the needs of management. Both of these are objective-based appraisal systems which directly link the pay of the employees to the attainment of organizational and individual objectives. The systems are designed to motivate employees and achieve organizational productivity.

The BPAP, which is a performance standards based appraisal system for the 280,000 employees not covered by SES or MPS, is currently being implemented throughout Navy. This system was designed to provide flexibility for the command or activity manager to adapt the program to meet the needs of the mission of the organization and the population served.

We have revitalized and restructured Navy's Personnel Management Evaluation Program. Last January, we reinforced the concept of command accountability and responsibility by transferring the responsibility for evaluating civilian personnel management from the Secretary of the Navy to the Chief of Naval Operations. By having the ability to assess program effectiveness on an activity and command-wide basis, and correct deficiencies through the chain of command, CNO now has complete managerial control over the implementation of civilian personnel programs within Navy.

Navy has been recognized as a leader in CSRA implementation by the Ribicoff-Percy Award which was given to Navy for its "China Lake" demonstration project on adapting private sector practices to improve the productivity and effectiveness of research and development laboratories.

RECRUITING

Senator Stennis: Both the Navy and Marine Corps have improved the accessions of recruits. However, as you mentioned, current teenage employment is a definite factor that enters into this equation. Other than compensatory benefits, what are the other

major factors that influence young persons to enter the Navy and Marine Corps.

Mr. Murray: Studies of the male non prior service recruiting market have all indicated that three major categories influence an individual's behavior: economic factors; recruiting resources; and others. The most important economic factors affecting the supply of male non prior service recruits are military to civilian earnings ratios and, as you indicated, youth or teenage unemployment. Recent studies by the Center for Naval Analysis also indicate that federal youth programs, such as those sponsored by the Department of Labor's Employment and Training Administration, have a direct impact on the youth recruiting market.

Recruiting resources, including the numbers of recruiters and recruiting advertising dollars, are another major factor influencing the supply of non prior service accessions. These recruiting resources have a direct positive impact on the realization of accessions from the available enlistment supply and the proper allocation of recruiting resources is essential to attainment of our recruiting goals throughout the eighties.

Within the category of "other factors" are elements which are difficult to measure but which have a definite impact on recruiting availability. These include such factors as peer or family influence, counselors, and educational/training availability. For example, we have in effect a major recruiting referral program in which we solicit referrals from the fleet and, additionally, new recruits. Our recruiter assistance program has also proved to be quite successful. In this program we return new recruits, awaiting "A" School training, to their hometown to assist in our recruiting effort. The availability of training is one of our biggest selling points in recruiting an individual into the Navy and, thus, is considered to have a substantial impact on our recruiting effort. Also, the general attitude in the country about military service is important; if the military are highly regarded in society, this is a positive influence.

We have also been emphasizing increased productivity by personnel offices. Navy's staffing program requirements were revised to encourage civilian personnel offices to streamline their local recruitment programs, and rating and ranking procedures, to enable faster recruitment of more highly qualified personnel.

GI BILL

Senator Stennis: What are your views on reinstitution of the G.I. Bill? As you are aware, a number of bills have been introduced in both Houses of Congress to accomplish this purpose. How important do you view the factor of educational benefits in influencing a young person to enter the military?

Some members feel that reactivation of the G.I. Bill will stimulate recruitment but provide little incentive for retention. Would you comment on this.

Mr. Murray: Although the role that educational benefits play in an individual's decision to join the military is difficult to quantify, I do consider them to be a major factor in that decision. We saw some evidence of this during December 1976, the last month of the Vietnam Era G.I. Bill. During that month, there was a significant increase directly attributable to the ability to obtain G.I. Bill educational benefits, in the number of enlistments. In addition to increasing numbers of enlistments, educational benefits also appear to have a positive impact on the recruitment of high quality enlistees. I would expect that, when

analyzed, the results of the one year Educational Assistance Test Program will provide a clearer picture of the impact educational benefits have on enlistment decisions.

IMPROVING RETENTION

Senator Stennis: Navy continues to have a shortage of experienced petty officers. Recent pay increases have helped the retention problem, but this is not the only answer. Would you comment on other measures being taken to improve retention of quality personnel?

Mr. Murray: Retention has shown significant gains in the first six months of this fiscal year. These gains are important, although not of the magnitude required to overcome Navy's present petty officer shortfall. Measures being taken by Navy in the non-compensation area to improve retention of quality personnel are focused on three areas:

1. The Quality of Navy Life
2. Family Separation Issues
3. Job Satisfaction

The Quality of Life program is designed to provide our servicemembers with an improved environment during off-duty hours and to provide families of service personnel with the support necessary to live within the military. Quality of Life programs address a variety of needs. These programs include the following:

Family programs - Family Service Centers provide selected services not readily available in the local community, eg., hospitality units, counseling referral service.

Religious programs - Religious ministry in Navy Housing areas addresses family and community problems when essential community support is lacking.

Morale, Welfare & Recreation - This program upgrades athletic, entertainment and child care facilities/services. Priority is given to overseas and isolated locations.

Voluntary Education - Navy Campus for Achievement Education program allows servicemembers to improve their capability to achieve and perform their Navy mission. This functional skills program has grown significantly. Other education programs allow servicemembers to obtain high school diplomas and college degrees.

Unaccompanied Personnel Housing (UPH) - The construction and modernization of Navy UPH, new furnishings, maintenance and leasing of civilian housing are being pursued.

The contribution of Navy members to readiness and a sense of duty to country are conducive to improved combat efficiency. The "Quality of Life" program adds to this sense of contribution, can improve retention and enhances a positive environment necessary to an all-volunteer military.

In the area of family separation, an issue particularly applicable to the Navy, studies are on-going to determine the potential for consecutive assignments to the same geographic location, thereby allowing for a greater degree of stability for Navy families. Fleet commanders continue to investigate ways to minimize family separations resulting from deployments overseas and inspection requirements. Also, as noted above, we are establishing family service centers to help families with the practical problems of prolonged separations.

In the area of job satisfaction, several initiatives, designed to improve the working atmosphere as well as personal recognition, have

been undertaken to improve the retention climate. These include improved counseling of personnel; increased recognition of Navy men and women through establishment of an expanded frocking policy (authority to wear insignia of paygrade to which selected upon selection); Navy Achievement Medal awarding authority for individual Commanding Officers; institution of the Sea Service Deployment Ribbon; improved communications with fleet personnel by those at the Washington headquarters level through expanded utilization of the media and CNO Retention Team visits to the fleet; and improved working conditions resulting from efforts to improve fleet working hours. Actions being considered or implemented to improve fleet working hours include decrewing ships during overhaul periods, use of maintenance-free materials and preservatives, inspection reduction and consolidation, and expanded civilian contracting program.

These initiatives, supplemented by improved compensation, formulate the backbone of Navy's plan to attract and retain significantly more quality enlisted personnel, thereby eliminating the critical personnel shortages currently existing in the Navy, particularly in the midgrade petty officer ranks.

SHIP REACTIVATION

Senator Stennis: Tell me about your plans for manning the two IOWA class battleships and the ORISKANY in the event they are reactivated. In view of the service problems which the Navy currently has in retaining mid-career experienced personnel, how can this be done?

Admiral Zech: The following billets have been programmed in the budget for the USS ORISKANY and the two IOWA class battleships which are proposed for reactivation:

	FY 82		FY 83		FY 84		FY 85	
	OFF	ENL	OFF	ENL	OFF	ENL	OFF	ENL
ORISKANY	15	85	74	1285	116	2085	116	2085
NEW JERSEY	62	1500	62	1500	62	1500	62	1500
IOWA	-	-	62	1500	62	1500	62	1500

In regard to retention of mid-career personnel, it is true that the Navy has a 22,000 petty officer shortfall. This shortage is primarily due to the failure of the compensation system to keep Navy pay competitive.

Despite the shortage, Navy feels it can man the reactivated ships if pay is made more competitive. Retention has improved and the increased Sea Pay has encouraged sailors to extend their sea duty. In addition, Navy is stepping up its recruitment of prior-service accessions.

To maintain the current momentum, the Congress is urged to approve the 5.3% pay increase proposed by the President for July 1981. This is a critical step in helping the Navy retain and attract sufficient manpower.

PILOT TRAINING

Senator Stennis: The Navy, like the Air Force, is planning to increase the pilot training rate in fiscal year 1982. Would you compare the number of pilots trained in fiscal year 1980 with the projections for fiscal years 1981 and 1982.

Admiral Zech: In fiscal year 1980 we trained 891 Navy pilots. In fiscal year 1981, and 1982 we are programmed to train 897 and 975 Navy pilots respectively. As you may know, we also train Marine Corps, Coast Guard and some foreign military pilots. In the aggregate we trained a total of 1471 pilots in fiscal year 1980 and we are programmed to train 1528 pilots in fiscal 81 and 1606 pilots in fiscal 82.

PILOT RETENTION

Senator Stennis: What happens to the pilots when they complete their active duty obligation? Do you have success in retaining them in the active reserve?

Admiral Zech: Approximately 20-25% of Navy pilots leaving active duty go into the active reserve; we have no difficulty manning reserve squadrons with well-qualified pilots. There are in fact a number of pilots in reserve aviation training units waiting for Navy billets in squadrons to become available. We do not anticipate any difficulties in pilot manning for our reserve squadrons for the near term.

Senator Stennis: The Air Force currently has a program of voluntary recall of trained pilot assets to active duty. This appears to be working well for them. Does the Navy have a similar program?

Admiral Zech: Commencing in January of this year, the Navy established a vigorous aviator recall program that includes field trips to areas of heavy airline furlough activity. In fiscal year 1980 we recalled 85 pilots to active duty; our goal for fiscal year 1981 is 150 pilots. We anticipate we will attain this goal.

WET Program

Senator Stennis: Would you expand on your so-called WET program which is designed to increase interaction between the active duty force and the Reserve units. Is it being received well by Reserve personnel and do you beleive it will enhance your retention effort?

Admiral Palmer: The WET (Weekend Away Training) program includes drills aboard mobilization sites, staffs, shore activities and readiness centers equipped to provide either "hands-on" training or a higher degree of simulated operational training than normally provided at a unit's local Reserve activity. My primary goal for FY 1981 is the acceleration of improvement in mobilization readiness. Increased interaction between gaining commands and Selected Reserve units is one of the ways that this improvement can occur. The more frequently the Reservist can be exposed to his mobilization activity, respect and rapport will be mutually established, thereby enhancing the usefulness (readiness) of both the Reserve unit and the mobilization activity. The WET program is well received by the individual Naval Reservist and the gaining commands.

It has been my experience that the most successful Reserve units, in terms of both mobilization readiness and retention, are those that have established this rapport with their gaining commands.

In summary, I would expand the program consistent with fiscal constraints because of its positive effect on both Reserve retention and overall Naval Readiness.

Report on Modernization of the NRF

Senator Stennis: When will the report on modernization of the Surface Combatant arm of the Naval Reserve Force be available for our review?

Admiral Palmer: The report on the modernization of the Naval Reserve Force is currently being staffed in the offices of the Chief of Naval Operations. It is anticipated that the final version will be approved and be available for review in the near future.

FRAM DD Retirement

Senator Stennis: When will the last of the FRAM destroyers be retired from the Naval Reserve?

Admiral Palmer: Phase out of the remaining eight FRAM destroyers will commence upon the introduction of the first FF-1052 frigates in January 1982. The phase out will be programmed to ensure that the FRAM destroyers will remain in commission for at least two years after completion of the last overhaul and as required to ensure that a fiscal year force level of not less than eight FRAM destroyers or FF-1052 frigates is maintained in the NRF. It is anticipated that the last FRAM destroyers will be decommissioned in fiscal year 1984.

NAVAL RESERVE PILOTS

Senator Stennis: How is the Naval Reserve doing on retention of pilots. Are you able to man your air units with personnel coming off active duty or do you have to augment this source with pilot training of your own?

Admiral Palmer: Pilot retention in the Naval Reserve is excellent. In the aggregate our pilot inventory meets our requirements and has for several years. There are localized shortages within the Patrol and Helicopter communities which are presently being addressed by extending the normal tenure of veteran pilots. We are initiating pilot recruiting efforts to ease these local shortages.

A separate Naval Reserve Pilot Training program is not necessary or in being at this time.

HIGH SCHOOL GRADUATES

Senator Stennis. I note that eighty-five percent of your enlisted force are high school graduates. Can you tell me approximately what percentage of these graduates completed their high school requirements while in the Marines rather than being graduates prior to enlistment?

General Bronars. Approximately 12.2 percent of the high school graduates in the enlisted force have completed their high school requirements while in the Marine Corps.

RETAINABILITY OF NON-HIGH SCHOOL GRADUATES

Senator Stennis. What is your experience as to retainability of non-high school graduates for their initial enlistment as compared to high school graduates?

General Bronars. Approximately 73 percent of high school graduates complete their initial enlistment compared to 43 percent completions for non-high school graduates.

IMPROVING UNDERMANNED OCCUPATIONAL FIELDS

Senator Stennis. Almost half of the 38 Marine Corps occupational fields are currently undermanned. Would you comment on the plans of the Corps to improve this situation?

General Bronars. Our plans to improve manning in the currently undermanned occupational fields include effective use of the enlisted bonus program and an expanded selective reenlistment bonus program, more precise identification of our manpower training requirements, with increasing numbers of Marines in formal school training, and a program to encourage qualified individuals serving in occupational fields that are manned at more than 100 percent of requirements to train in and move to fields that are short. While all of these measures collectively are necessary to correct the imbalance that presently exists, by far the most important is the selective reenlistment bonus. This program will be expanded from $28.5 million for fiscal year 1980 to a planned $100 million in fiscal year 1983. It is particularly effective: we are experiencing increased retention in all of the specialties where we have applied the selective bonus and anticipate greatly impoved retention, which translates directly into improved personnel readiness.

COMPENSATION: MOTIVATOR FOR RECRUITMENT AND RETENTION

Senator Stennis. Tell me about your views as to the increased compensation plans of the administration. Do you believe this is the prime motivator for recruitment and retention of mid-career personnel? Surely there must be other motivations that have been indicated by your studies.

General Bronars. Compensation certainly is a prime motivator for the enlistment and retention of

personnel in the military service. It is not, however, a prime motivator for joining the Marine Corps in particular. From long experience and a number of studies, we know that individuals enlist in the Corps for a combination of reasons that include an appreciation of discipline, a desire to meet the physically demanding standards, a belief that the Marine Corps is respected, a desire to belong to an organization that instills a feeling of pride, a belief that the Marine Corps promotes self-confidence, and a desire to learn a skill.

Recent improvements in military compensation and the expectation of additional legislative actions to restore comparability with the civilian sector seem to be the most important motivation factors influencing current successes in retention. Significant increases in the Selective Reenlistment Bonus Program funding have contributed in particular to the current positive retention atmosphere. There also seems to be a positive impact from a generally reduced perception that military benefits are being eroded and from a more favorable military image.

To overcome the adverse effect on retention of frequent family separations, sometimes inadequate dependent health care, some less-than-adequate bachelor and married quarters, and the continuous demands of military operations and training in the Fleet Marine Forces, compensation at least equivalent to that experienced by comparable civilians is fundamentally important. It's certainly not the only motivation: leadership, challenging training and high morale that results from a feeling of accomplishment all are essential. But without comparable compensation, we have a powerful disincentive to overcome, and the poor retention of the past several years, now beginning to turn around, is the most recent evidence substantiating the need for true comparability.

SUBCOMMITTEE RECESS

Senator STEVENS. The subcommittee will be in recess until 8 a.m., Thursday, April 30, when we will consider the Navy's request for research and development.

[Whereupon, at 11:50 a.m., Thursday, April 23, the subcommittee was recessed to reconvene at 8 a.m., Thursday, April 30.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1982

WEDNESDAY, MAY 13, 1981

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10:07 a.m. in room 1223, Everett McKinley Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senator Stevens.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE AIR FORCE

RESERVE AFFAIRS AND INSTALLATIONS

STATEMENT OF HON. JOE F. MEIS, PRINCIPAL DEPUTY ACTING ASSISTANT SECRETARY OF THE AIR FORCE, MANPOWER, RESERVE AFFAIRS AND INSTALLATIONS

ACCOMPANIED BY:

MAJ. GEN. WILLIAM R. USHER, DIRECTOR, PERSONNEL PLANS, DEPUTY CHIEF OF STAFF, MANPOWER AND PERSONNEL, U.S. AIR FORCE

MAJ. JAMES G. TATTINI, BUDGET ANALYST, DCS, MANPOWER AND PERSONNEL, HEADQUARTERS, U.S. AIR FORCE

BUDGET REQUEST

Senator STEVENS. The subcommittee will come to order.

I apologize for keeping you waiting. Senator Baker had to be away and I had to open the Senate this morning.

We are here today to receive testimony on the Air Force Manpower and Reserve forces for fiscal year 1982. The amended fiscal year 1982 budget request for military personnel of the Air Force is $10.6 billion, which is $1.6 billion over appropriations to date for fiscal year 1981.

The amended fiscal year 1982 budget request for Reserve personnel, Air Force is $298.8 million, which is an increase of $39.9 million over appropriations to date for fiscal year 1981.

The amended fiscal year 1982 budget request for Air National Guard personnel is $418.2 million, which is an increase of $77 million over appropriations to date for fiscal year 1981.

HEARING PROCEDURE

It may be necessary to close the hearing today due to classification of materials to be covered. In that event, if the members of the subcommittee or witnesses will indicate their desire to close the hearing, I will set a time for going into closed session. Most likely this would be for the period when we believe there would be more members of the subcommittee present. If this is the case, when we do close the hearing those individuals not cleared or having a need to know would be required to leave.

PREPARED STATEMENT

Gentlemen, we are pleased to have you here today. You may present your detailed statements for the record and handle your oral statements in any way you would desire.

I assume Mr. Meis, you would first. Is that correct?

Mr. MEIS. Yes, sir.

[The statement follows:]

PREPARED STATEMENT OF HON. JOE F. MEIS

ACTING ASSISTANT SECRETARY OF THE AIR FORCE

(MANPOWER, RESERVE AFFAIRS AND INSTALLATIONS)

I. INTRODUCTION

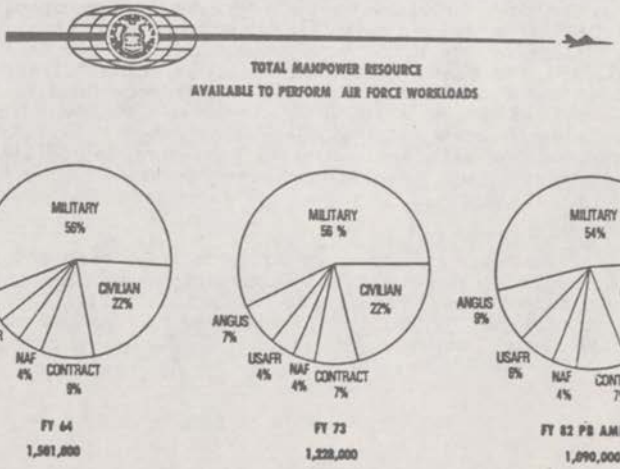
I appreciate this opportunity to appear before you to discuss manpower and personnel issues of the United States Air Force for Fiscal Year 1982. What we do today in attracting, training, and retaining skilled personnel will in large measure shape the airpower -- and thus our ability to preserve the national security -- of the 80s and 90s.

As you are aware, Fiscal Year 1979 was the worst year in recent history for retention of our skilled personnel. Retention rates improved in 1980, and we hope that trend continues. However, those improved rates have not been tested. In any event, we have experienced losses which will continue to cause problems for years to come. Moreover, our retention rates, although improved, are not high enough to maintain the force of experienced professionals we need to do our mission. Much needs to be done to raise the rates to the required levels and sustain them over time.

Just as our retention problems were caused by a combination of factors, the recent improvement was the result of several events -- primarily the pay and compensation improvements of 1980, for which we thank the Congress, a vigorous retention effort within the Air Force, and a downturn in the economy. Should we fail to continue our efforts in the pay and compensation area, we could easily suffer a reversal and a return to the brink of that cliff we were facing. Accordingly, our top priorities are for compensation-related initiatives -- a restoration of military pay comparability, more adequate reimbursements for service-directed moves, and improvement of incentive and special pays and allowances -- and increases in the active military, reserve, civilian and contract work forces. My statement will go into some detail on each of these items, beginning with our manpower requirements for Fiscal Year 1982.

II. AIR FORCE MANPOWER REQUIREMENTS FOR FY 1982

The Air Force's active military, civilian, and reserve manpower requirements represent a balanced personnel mix within the amended President's Budget for FY 1982.



As shown, despite a nearly one-third decrease in total end strength compared to the pre-Vietnam era, the mix of Air Force military personnel, civilian employees, and contract workyear equivalents has remained relatively stable. Our consistent, analytical approach to defining our wartime and peacetime manpower requirements contributes to this stability. The mix also reflects an increased reliance on the reserve components as a direct result of the successful implementation of the Total Force policy.

In FY 1982, for the second straight year, we continue the increases in active military manpower. FY 1981 included the first increase since FY 1968. Our civilian end strength in FY 1982 shows its first slight increase since FY 1967. Manpower for our reserve components continues to grow in FY 1982. The table below compares our manpower program in the FY 1982 amended budget against assigned strength at the end of FY 1980.

	FY 1980 Actual	FY 1981 Estimate	FY 1982 Budget Request
Active Military	557,969	569,000	586,800
Selected Reserve	155,204	158,837	163,019
ANGUS*	(96,283)	(98,083)	(99,054)
Drill Pay	(94,723)	(94,876)	(95,742)
FTAD**	(1,560)	(3,207)	(3,312)
USAFR*	(58,921)	(60,754)	(63,965)
Drill Pay	(58,379)	(60,056)	(63,264)
FTAD**	(542)	(698)	(701)
Civilian	244,342	243,834	247,353

*ANGUS/USAFR technicians are also included in civilian totals (29,344 in FY 1982).

**Full Time Active Duty

A. Active Duty Military:

The military manpower program included in the amended President's Budget for FY 1982 reflects a 17,800 increase. This increase is required to support the continued modernization of our general purpose forces, introduction of new weapon systems such as the Air Launched Cruise Missile (ALCM), and the NATO Airborne Early Warning and Control System (AEW&C), support of space programs such as the Space Transportation System (Space Shuttle), increased cargo handling by our aerial ports to coincide with the increased cargo capacity of the stretched C-141, increased medical support, and initiatives to improve the readiness of our force such as expansion of our strategic airdrop capability, increased flexibility for tactical flight line maintenance units under the Combat Oriented Maintenance Organizations Concept, and improved force manning by increased funding for the student and transient accounts. These increases are partially offset by the conversion of non-military essential positions to civilian and reductions in management and operational headquarters.

B. Civilian:

The civilian manpower program, approximately 20 percent of our total manpower resource, represents an important element of the Air Force ability to support and sustain its wartime capability. An in-service depot maintenance capability is retained to provide a flexible, productive base, capable of expansion during wartime, to

support our fighting force. Also included in Air Force civilian end strengths are Air Reserve Forces Military Technicians -- members of the Air National Guard and the Air Force Reserve -- who also serve in their units on a full time basis as civilians in peacetime and become active duty military members upon mobilization.

The 3,519 net increase in civilian strength is primarily the result of the conversion of non-military essential positions to civilian positions, increased workloads at our depots, increased technician requirements to support modernization of the Air Reserve Forces force structure, increased workloads in functions covered by management engineering manpower standards, and various other programmatic adjustments. These increases are partially offset by planned potential conversions of commercial industrial type activities from in-service to contract performance, pending completion of cost studies to determine the more economical means of accomplishment, and by reductions in management and operational headquarters.

C. Air Reserve Forces:

The increased levels in the Air Reserve Forces required in FY 1982 are a result of continued force modernization and improved manning levels. The Air Force continues an aggressive commitment to the Total Force policy.

D. Contracting:

Contracting for accomplishment of commercial industrial type work continues as a part of our overall effort to reduce Air Force operating costs. Workloads which a formal review procedure determines do not require either military personnel or in-service civilian personnel are considered for contract performance in accordance with OMB Circular A-76. This review ensures that our combat readiness is not compromised before workloads are programmed in the budget process for an OMB Circular A-76 comparative cost analysis. Such studies are conducted to compare the cost of the most efficient in-house operation with the cost of contracting such services. The decision to perform in-service or by contract is based upon the results of the cost study -- the more cost-effective method of performance is selected. Subsequent contractor performance is monitored to insure that we continue to receive the most service for the lowest cost.

The results of the FY 1980 program are positive to date. The program has thus far resulted in 96 conversions to contract for more economical performance, at a cost advantage to the government of over $140 million. The strong pressure exerted at command level to ensure the most efficient and cost-effective in-house estimates has resulted in a cost advantage of $22 million for those 36 functions which have remained in-house.

In FY 1981 and FY 1982, we will conduct over 500 cost comparison studies involving about 10,000 manpower authorizations. These and subsequent studies will comply with Section 502 of the FY 1981 DOD Authorization Act. Congressional notification of the FY 1981 program was made in December 1980, and we anticipate announcement of the details of the FY 1982 program soon.

III. Military Personnel Management

In this section I will discuss the current recruiting and retention situation, but first, I will address the undergirding compensation factor necessary -- restoration of comparability.

A. Restoration of Military Pay Comparability:

There is no question that the alarming exodus of experienced mid-career officers and enlisted members from all of the Services that has occurred in the past few years can be directly traced to the degradation in military pay and compensation that has occurred since the early 1970s. The cumulative pay and entitlements initiatives contained in the Nunn-Warner Amendment (Military Personnel and Compensation Amendments of 1980, P.L. 96-343), the FY 1981 DOD Authorization Act (P.L. 96-342), and other elements of the Fair Benefits Package represent the most significant pay improvements in nearly a decade. These improvements have helped, but a single year's effort is not sufficient to solve all of the military pay inadequacies.

By virtually any measure, the relative attractiveness of military compensation has declined since the advent of the All-Volunteer Force (AVF), even considering the 11.7 percent October 1980 pay increase. Between 1972 (the year that military pay was determined to be reasonably comparable with the private sector) and 1980, military pay has not kept pace with either inflation or private sector pay. The October 1980 pay raise constituted the first real progress toward restoration of pay comparability since the first "pay cap" was imposed in 1975. Even after the October increase, military pay lagged approximately 5.3 percent behind the pay of the "white-collar" civilian-sector survey group to which military pay has been tied for comparability since 1972. The Joint Chiefs of Staff have stated that a long-range and firm commitment to provide the additive funds to close this gap is essential in order to gain a healthy personnel posture in the face of the declining manpower projections in the 1980s. To restore military pay to the relative levels of comparability that were determined to exist in 1972 will require a military pay increase of approximately 5.3 percent across-the-board. It is vital that this pay raise be granted across-the-board to all military personnel. This action is essential to maintain the momentum not only to recruit and retain sufficient numbers of personnel but to allow us to improve both the career force and the caliber of our recruits.

From our perspective, it is critical that we take action in Fiscal Year 81 -- and not wait until 1 October 81 -- to provide the required additive 5.3 percent military pay raise. The additional raise will send a powerful signal of the Nation's continued commitment to all Service members. While there are positive indications of a retention upturn, I must emphasize that it will take years, not months, of sustained retention growth to replace the mid-career and senior personnel losses already experienced. To help these personnel over the long-term will require us to provide a stable, predictable compensation system that sustains military pay at levels that are roughly comparable to pay in the private sector for equivalent levels of work and responsibility, thereby attracting and retaining the capable, high quality people needed to ensure success in battle.

The full additive increase is necessary for all military people since a raise of this magnitude will simply restore military pay to the levels that the 1971 President's Commission on the All-Volunteer Force (AVF), DOD, and the Congress concluded were necessary to sustain the AVF. It is significant to note that while a 5.3 percent increase would restore the relationship that existed between military pay and Professional, Administrative, Technical, and Clerical (PATC) workers in 1972, it would not overcome the significant loss in purchasing power -- now over 20 percent -- that has already impacted on all military people over the same time frame and continues to impinge on their standard of living every day.

While we recognize the need to further increase the pay of careerists to alleviate inadequate intergrade pay differentials, such action must be accomplished by additive increases and not at the expense of more junior personnel. If first term personnel aren't provided a reasonable standard of living, they won't choose to become careerists, producing additive recruiting and morale problems that ultimately would impact upon readiness and mission accomplishment.

B. Officer Recruiting:

The Air Force has again been able to achieve its officer recruiting goals except for physicians and engineers. Engineering disciplines will continue to be a tough recruiting area with demand rising in both civilian industry and the military. Air Force engineer requirements are expected to substantially increase through the 1980s as we add programs such as the M-X missile deployment, the Global Positioning System, and the Consolidated Space Operations Center. Starting salaries for engineers/scientists in the private sector ($19,350-$22,300) are significantly higher than the starting salary of a second lieutenant ($15,400 RMC without VHA). This environment has resulted in the Air Force having serious difficulty in the past two years in accessing engineers, achieving only 58 percent of our objective in FY79 and 39 percent in FY80. More importantly, the force was undermanned 1100 military engineers and 1700 civilian engineers at the end of FY80.

To help alleviate the military problem, we have increased the number of ROTC scholarships available to engineers and increased the quota for engineers within the Airman Education and Commissioning Program (AECP). Also, since FY79, officers with technical degrees have been allowed to participate in an Air Force Institute of Technology program that would permit them to acquire undergraduate degrees in aeronautical, electrical and mechanical engineering. In FY82 we plan to maintain that program at 120 entries. While there are many other internal actions that have been undertaken to attract engineers, this will not be enough to meet requirements. The Air Force believes it is imperative that Congress provide authority to allow us to pay an engineer accession bonus of up to $15,000 for a four year initial tour. This authority would permit our compensation to be competitive with the private sector. We plan to introduce legislation for this initiative during this session of Congress.

Physician recruiting continues to be a significant problem. The Air Force has not achieved its physician recruiting objectives during the All Volunteer Force (AVF). Although the Air Force attained 48 percent of its physician direct recruiting objective in FY80, we achieved only 26 percent of our specialty goal. There are current shortages in general surgery, neurological surgery, orthopedic surgery, and otorhinolaryngology.

We are projecting 110 volunteer accessions in FY 1981 toward a total speciality recruiting goal of 138. We are continuing to pursue initiatives to improve physician volunteer accessions. For instance, our Physician Applicant Travel (PAT) program, which was expanded in FY80 to include spouses, provides a visit to the applicant's prospective base of assignment for an executive orientation prior to commitment. The acceptance rate was 33 percent when the spouse did not accompany and 84 percent when the spouse accompanied the applicant. Another initiative, the Medical Recruiter Assistance Program (MEDRAP), permits some Air Force health professionals to visit schools, conventions, hospitals, and other professional activities to talk directly to potential Air Force physicians.

C. Enlisted Recruiting:

Although the Air Force achieved its enlisted recruiting objective in FY80, there is a declining number of eligible youth and the propensity to enlist, though improving, is still 35 percent below 1975 levels. Our total accession requirements from 1982 through 1986 average 14,000 more per year than the late 1970s. We will need additional resources to achieve these objectives. We believe it is important to note that USAF recruiting advertising costs per enlisted accession in FY82 will be about half of what they were in 1974, the first year of the All Volunteer Force ($114 vs $221).

In FY 1980 our high school diploma graduate rate was 83 percent, down from 92 percent in 1974, and the percent of accessions scoring in the top two Armed Forces Qualification Test (AFQT) categories were at 40 percent, our lowest since 1958. So far in FY 1981, these adverse trends appear to have bottomed out but require further monitoring to insure the improvement is not transitory. We have implemented a number of initiatives to help us cope with a reduced recruiting market. We have worked hard at lowering first-term attrition which, in turn, reduces the number of recruits we need and increases the number of personnel eligible to enter the career force. For the second year, we are offering enlistment bonuses in four of our most difficult to recruit skills. Restoration of an education incentive similar to the G.I. Bill and strong statements of support for military service from public officials are key elements we would like to see, because we are certain that they would help attract quality recruits to the Air Force.

D. Officer Retention:

In FY80, mid-level officer retention improved, compared to our experience in FY79, the worst year in recent history. While we are encouraged by this progress, at the same time we are mindful of the fact that the improvement was due to a number of factors, some of which are transitory. These factors include:

(1) Numerous internal initiatives to improve career expectations and the Air Force way of life, as well as to remove irritants wherever possible.

(2) A reduction in many civilian job opportunities.

(3) The compensation improvements passed by the 96th Congress and the widespread advance publicity that preceded them.

(4) A sense of national need, or patriotism, created by the events in Iran and Afghanistan.

The compensation initiatives have caused many officers who might have left the Service to defer separation decisions until they can determine whether the 1980 improvements were only a one-shot, transitory step, or if they will be matched by the other steps necessary to sustain the momentum begun last year and eventually achieve a permanent solution.

While improved junior officer retention helps, it will solve our shortages only if it can be sustained over time. Critical shortages still existed at the end of FY 1980 -- 1100 pilots, 300 navigators, 1100 engineers, and 100 physicians. We have recently completed a second analysis based on the revised and increased requirements recommended in the Reagan Administration's program. Under these conditions, we predict that the pilot shortage would grow to 2100 and the navigator shortage to 1200 by FY83. While the recent pay improvements are a strong, positive signal of public awareness of,

and support for, the hardships and sacrifices borne by our people, these shortages will only be overcome through a combination of good retention and adequate accessions over the next several years. In the meantime, we have prioritized our manning to assure that mission-essential jobs are filled and readiness is maintained.

Clearly, more must be done to retain highly skilled aircrew personnel. The 25 percent increase in officer and enlisted flight pay provided last year was a significant factor in reducing our aviator losses but more incentive is needed to fully restore retention to satisfactory levels and reduce pilot and navigator shortages. We believe the best long term solution to the aviator problem is to provide an additional 25 percent increase in flight pay. An across-the-board increase will reduce our losses while it also encourages a commitment to a full career in military aviation, which is consistent with the intent of Congress as embodied in the Aviation Career Incentive Act.

To complement the actions underway within the Air Force to enhance our ability to recruit engineers and scientists, we also focused considerable attention on retaining the mid-level program directors and managers who are so critical to the success of our technical programs and missions.

Foremost among the management actions that we have implemented is the focus on educational programs for the technical disciplines. In FY82 our graduate education program includes an increase from 605 to 700 entries -- the vast majority in engineering and technical studies. Additionally, we have programs of continuing education and professional development in both the Air Force Institute of Technology and civilian institutions that provide our engineers and scientists with the ability to stay abreast of the state of the art. These programs, which increase by $1.5 million in FY82, are essential if we are to remain competitive with the private sector for our mid-level managers who must be provided with the opportunity to stay current. Finally, the Air Force believes that there is a critical need to establish a continuation pay authority that could be selectively applied to improve retention among our highly experienced engineering and technical managers. This initiative will be included in the legislative proposal for an engineering accession bonus.

Improved retention is another key element in maintaining our physician force. Project Keep Each Eligible Person (KEEP) is an extensive retention program designed to help alleviate physician and other medical officer shortages. This project measures the effectiveness of major command retention programs, identifies irritants, and helps eliminate obstacles that inhibit officers from selecting the USAF Medical Service as a career. Project KEEP is aimed at retaining quality personnel without ignoring selectivity. Public Law 96-284, 28 June 1980, revised special pay provisions for medical officers and provides for a range of special pay from $1,200 to $29,500 annually. Effects of this pay bill on physician recruitment and retention are expected to be positive, but the effects can not yet be quantified.

E. Enlisted Retention:

In the enlisted force we have seen the FY80 reenlistment rates and the number of career force entries increase from FY79. Still, the increase in retention fell below our FY80 goal.

CAREER FORCE ENTRIES

	FY78	FY79	FY80	FY81
GOAL	14543	15500	17700	20470
ATTAINED	12941	16834	17282	
DEVIATION	-1602	+1334	-418	--

To compensate for the higher FY81 career force entry goal and the low recruiting levels in FY77-79, we have programmed an increase in prior service accessions.

In addition to the improved career force entry rate, our second term and career reenlistment rates showed improvement for the first time since FY77. Still we did not meet our goals in FY80:

REENLISTMENT RATES (%)

	FY77	FY78	FY79	FY80	FY80 Goal	FY81 Goal
SECOND TERM	75	65	60	63	65	69
CAREER	97	93	91	92	93	94

In general, enlisted manning in the Air Force is good. However, some important skills have severe manning shortages in the mid-range supervisor grades, including intelligence, avionics, aircraft systems maintenance, mechanical/electrical, and security police. These shortages are due to a variety of factors including significant civilian job opportunities. For example, the starting pay for an airline mechanic is significantly higher than the combined pay, allowances, Variable Housing Allowance (VHA) and selective reenlistment bonus of an Air Force aircraft maintenance supervisor. While selective reenlistment bonuses are now being paid to skills in each of the above problem areas, any improvements in the economy without parallel improvements in military compensation could cause reenlistment rates to again decline.

F. Negative Compensation:

Contributing to our retention dilemma is the fact that we have forced military people to absorb well in excess of a billion dollars of expenses annually that are properly costs of doing business and should be borne by the Government. This "negative compensation" falls across a broad spectrum and includes: (1) inadequate reimbursement for relocation expenses caused by a government-directed move; (2) out-of-pocket expenditures for family medical care because of curtailed in-house services and outdated fee profiles for civilian providers; (3) inability of our compensation package to keep pace with trends in the private sector such as dental care; and (4) unique expenses associated with living in a foreign environment. Until we remove these serious distractions, our people will inevitably divide their time and attention between satisfying their family needs and accomplishing the mission.

G. Permanent Change of Station (PCS) Reimbursements:

The most pressing action required to alleviate this negative compensation situation is a reduction in the more than $1 billion that our people must spend out of their own pockets each year to subsidize government-directed PCS moves. This substantial financial penalty -- in effect, a "moving tax" -- has increased the reluctance of military people to relocate their households to a new location.

We recognize that a reluctance to move is not limited to the military, but is also experienced by the private sector. Accordingly, private industry is providing greater and greater incentives to get people to relocate. A recent Associated Press news story indicated that businesses often provide bonuses for those who transfer, in addition to salary increases. As reported in Fortune, "hundreds of companies are liberalizing their relocation policies. The Employee Relocation Council, a nonprofit Washington-based association, reports that over half of its 650 corporate members have changed their relocation programs in the last year or are planning to do so soon. The most widespread new benefit -- now offered by two-thirds of the companies in the Relocation Council -- is a mortgage rate interest differential to help cover increased mortgage rates." As more and more employees exhibit a reluctance to move, employers are turning to a major new industry -- relocation specialists -- to relieve the employee of all details associated with the move, including the sale and purchase of homes.

In contrast, we in the military not only tell our people when to move and where to move, but we also make them pay a substantial part of the expense of getting there. This must change or we are going to lose more and more good people.

The inadequacy of military PCS reimbursement can best be illustrated by using an example of the disparity between what a military member (Master Sergeant) and a federal civilian employee (GS-9) receive as reimbursement for a PCS move. Assuming a family of 4, being transferred from Washington, D.C. to San Francisco and selling/buying a house at old and new duty locations respectively, the civilian could receive PCS reimbursements of over $13,000 while the military member would receive less than $1,300 for the same PCS move (table below).

OUT OF POCKET MOVING EXPENSES
WASHINGTON, D.C. --- SAN FRANCISCO, CALIF. (2838 MILES)

	GS-9	MSGT
O AUTOMOTIVE TRAVEL & PER DIEM	$ 1,861.00	$1,022.00
O HOUSEHUNTING TRIP	$ 1,397.00	0
O TEMPORARY LODGING	$ 1,875.00	0
O REAL ESTATE EXPENSES	$ 8,000.00	0
O DISLOCATION ALLOWANCE	0	$ 277.00
O MISC EXPENSES	$ 200.00	0
TOTAL	$13,333.00	$1,299.00

A recent Air Force survey concerning unreimbursed PCS costs experienced by military people helped to quantify the actual amounts of out-of-pocket costs typically incurred. For example, excluding homeownership closing costs, Captains reported median out-of-pocket expenses of $1750 while the median loss for Staff Sergeants was $1250. To put the effect of such expenses in perspective, the $1750 expenditure means that a pilot who moved last fall lost the equivalent of seven months worth of the 11.7% pay raise, the 10% BAS raise and the 25% flight pay increase after taxes. An E-5 who moved lost a full year's worth of the 11.7% pay raise and the 10% BAS increase, after taxes. Thus, the positive effects of last year's raise and Nunn-Warner increases are substantially undercut by the failure to provide adequate relocation reimbursements.

One of the most serious inequities is the lack of adequate reimbursements for junior enlisted members (E-4 under 2 years of service and below) being reassigned within the CONUS. At present, over 20,000 such enlisted families are denied any dependent travel allowances and are restricted to 225 pounds of household goods when

directed to make a permanent change of station move. The current denial of even the most basic entitlements to these families imposes severe financial penalties on them -- a condition that can hardly be expected to enhance their propensity to reenlist. To overcome the severe hardships imposed on these members and improve first-term retention, we consider it essential that they be provided dependent travel, shipment of 1,500 pounds of household goods and a dislocation allowance at the "with dependent rate" -- the same reimbursements now provided to their counterparts assigned overseas. The Services and OSD are examining a number of initiatives to reduce the substantial financial burden now imposed on military members. As a first step, funds were identified in the FY81 supplemental to increase Monetary Allowance In Lieu of Transportation (MALT) to 16¢ per mile and per diem to $50.00 per day for members effective 1 July 1981. The FY 1982 budget includes a request for MALT at 18 1/2¢ per mile and $45 a day per diem.

H. CHAMPUS Improvements:

Another major area of negative compensation is health care. The military was once a pioneer in health care coverage and our program was second to none. Sadly, this is no longer the case. Physician shortages have resulted in curtailment of dependent/retiree services. In turn, this has forced increasing reliance on a CHAMPUS program which has numerous deficiencies that substantially reduce its value to our people and actually create negative compensation. The genesis is that the current law only allows annual updates of the fee profiles that are used to compute physician claims and reimbursements. Actually, under existing procedures, fee profiles are sometimes over two years old, and there are numerous situations when physicians are asked to provide services in 1981 at 1979 prices. When considered from that vantage point, it is understandable why a great percentage of physicians won't accept CHAMPUS patients at all, or if they accept them, they require the member to pay the difference between CHAMPUS reimbursements and the physician's charges. Often the member has to put the money "up front" and must go into debt to obtain required medical care. The result is that the member pays far more than the intended 20% cost share. In one recent example, the son of a Staff Sergeant at Mountain Home AFB, Idaho, required eye surgery for a growth near an eye. The doctor's charges were over $1555. CHAMPUS reimbursed only $1032 - a 66% reimbursement rate which cost the sergeant over $500 out-of-pocket.

I. Dependent Dental Care

In addition to the need to improve medical benefits under CHAMPUS, we also need to provide a dependent dental care program, similar to those now provided by many civilian employers, if we are to keep military health care on a par with that offered in the private sector.

Several recent studies (particularly the Rice Report, 1979) have documented the need to expand medical coverage, to include dependent dental care, to keep pace with the trends in private industry. The Bureau of National Affairs, Inc., reports that dental insurance was the most frequently negotiated insurance benefit in 1980 and was included in 38% of all contracts.

To correct this disparity, DOD is staffing a CHAMPUS-style dental plan. We are mindful of the concerns expressed last year by the Congress and contemplate submitting a revised proposal to address those concerns.

To complement the CHAMPUS dependent dental care proposal, we need the flexibility to authorize space available dental care for

active duty dependents and retirees in military facilities. It just makes good sense to use the existing military facilities and personnel to the maximum extent possible. In-house care is especially appropriate during exercises or contingencies when a large segment of the active duty base population is deployed and the local facilities have a proportional reduction in patient workload. Using existing facilities and personnel to the fullest would also result in added economy by reducing the costs.

J. Bachelor's Overseas COLA:

There is also a significant element of negative compensation associated with overseas service that should be addressed on a priority basis. The most important is denial of a cost-of-living allowance (COLA) to bachelors serving overseas. Over the past four years, oversea commanders have repeatedly voiced their concerns about compensation inequity that has led many of the 24,000 Air Force single and unaccompanied members housed and subsisted by the Government in high cost oversea areas to become virtual prisoners on-base. This sense of isolation has prompted some to turn to alcohol and/or drugs to relieve their boredom, with concomitant impacts on readiness.

At this juncture, I would like to clear up any misconception about the content and intent of the bachelor COLA initiative. Last year's Congressional reports imply that we are asking for funds to compensate our bachelor members for costs they do not actually incur. That is not the case. We recognize that members provided quarters and subsistence in-kind do not incur all of the excess expenses COLA recipients incur. To account for items furnished by the Government, the bachelor COLA was reduced to reflect only those categories of expenditures applicable to them. That is, the categories of "food at home" (25% of the standard COLA base), "furnishing and household operations" (10.7%), "medical care" (1.9%), and "domestic service" (1.1%) were reduced to zero; and the categories of "clothing" (12.8% vs 3.8%) and "miscellaneous expenses" (10.7% vs 4.6%) were reduced to levels more representative of bachelors' spending patterns.

Within the basic COLA computation, consideration is also given to where the members purchase the myriad of surveyed goods and services (e.g., in the base exchange, commissary, on the local economy). Generally, purchases made on-base would be roughly equivalent to or slightly higher than CONUS costs, and therefore have minimal impact on the COLA. However, there are many goods and services that are not available on-base and must be purchased on the local economy with dollars that fluctuate in value from day-to-day. For example, auto insurance and transportation are two major expenses almost always incurred on the economy. At many smaller oversea installations, the base exchanges are too small to carry sufficient stock of personal care or clothing items -- again forcing members to make such purchases on the economy.

These necessary off-base purchases in high cost areas affect the living standard of all members, including bachelors, assigned there for the convenience of the Government. However, unlike all other members at the particular installation, bachelors residing and subsisting on-base are not provided any COLA to offset those expenses. These bachelors are at a financial disadvantage compared to their CONUS counterparts. It is expecially disconcerting that of our 5,200 careerists denied the COLA, some even receive less take-home pay than their married subordinates at the oversea stations. To reverse the negative morale trend -- with its detrimental impact on readiness -- and to restore these members' purchasing power to CONUS levels, we are seeking funds to allow payment of a partial COLA at 47% of the "without dependent" rate paid to those who subsist off-base.

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K. G.I. Bill

Education and training opportunities have traditionally been a major attraction for young people to enter military service. The decision to replace the Vietnam Era G.I. Bill, for persons entering the service after 1976, with the contributory Veterans Education Assistance Program (VEAP) significantly reduced the attractiveness of military service for many high quality personnel with college or vocational aspirations. While the old G.I. Bill did have a disadvantage in that it encouraged some people to leave the service to take advantage of the educational entitlement, we believe this shortcoming could be overcome in a new G.I. Bill.

Properly designed, a new G.I. Bill could open doors to a new recruiting market -- the college-vocational school bound youth who is willing to defer those plans for a few years to serve his country in return for education benefits.

L. The Air Force Family:

We have consistently found that an important factor related to retention decisions among Air Force people is family support for an Air Force career. The Air Force is working hard to gain that support.

Meeting family needs, such as child care, education programs, family housing, fair reimbursement of relocation expenses, medical and dental care, spouse and family employment opportunities, and a reasonable standard of living, is necessary if the Air Force is to continue to attract and retain high quality personnel. An important step in this direction was taken in July 1980 with the establishment at HQ USAF of a focal point for Air Force Family Matters (AFFAM). The purpose of this office is to better define and prioritize overall Air Force family support objectives and to help functional managers plan their programs to meet these objectives. AFFAM hosted an "Air Force Conference on Families" in September 1980, which included delegates from across the Air Force. This conference introduced the AFFAM concept, provided a forum to discuss family needs and concerns, and identified family issues for possible development into new or modified family programs. The conference report will serve as the basis for Air Force family support efforts for the 1980s. The Air Force will continue to take every possible internal action to improve conditions for our families. Congressional support in this area is needed to improve pay comparability, medical/dental services, child and youth care, and the other programs which will assist in retaining our high quality people. The AFFAM program will help assure that Air Force family needs are articulated and met in the most effective manner.

M. Undergraduate Flying Training:

With the long lead time required to produce aviators, it is absolutely essential that the Air Force establish and maintain Undergraduate Flying Training (UFT) production rates which will sustain the rated force. Due to extremely low training rates and sharply increased losses, a serious pilot deficit occurred in FY79 and is projected to increase through FY83. Even with the improved retention that would result from increased Aviation Career Incentive Pay (ACIP) and the aviator bonus, the UFT rates in the FY82 President's Budget (shown below) will not eliminate the rated deficit in the foreseeable future.

	Actual	FY82 President's Budget	
	FY80	FY81	FY 82
Pilot	1,543	1,850	2,000
Navigator	609	650	850

It is also essential that the Air Force receive the funding required for the Next Generation Trainer (NGT), the ongoing effort to replace or modernize our aging T-37 primary trainer aircraft. To do so will prevent the degradation of our pilot training capability in the coming years and insure the continued flow of quality pilots into our rated force.

N. Skill Training:

Since the early seventies there has been a reduction in average initial skill course length from 16.8 weeks in 1970 to 11.0 weeks in 1980 and a decline in percentage of the budget dedicated to Program VIII funding from 6 percent to 4 percent. Formal training became less theory oriented. This was considered acceptable, however, because there were highly trained supervisors in the field available to provide the upgrade training required to broaden the scope of the individual's knowledge.

In the past two years several factors dictated a new look at training requirements and capabilities. First, the Air Force experienced a retention decline among second term and career Non-Commissioned Officers (NCOs). Second, the required end strength began to increase after several years of decline, which resulted in a need for more Non-Prior Service (NPS) accessions and an influx of new people from the school to the operating units. Third, in both FY79 and FY80 there were Congressional budgetary decisions that resulted in a limitation on the number of personnel that could be sent TDY-to-School for advanced training, amounting to a reduction of approximately 4000 entries into AF skill progression training programs.

The overall result has been an increased training load on operational units and fewer experienced NCOs to conduct the OJT required under our current training philosophy. There are several initiatives underway to resolve those problems. The amended FY82 President's Budget provides for an additional $13 million to support increased initial skill training requirements and $21 million to support increased skill progression training requirements primarily for contract training to support new weapon systems entering the Air Force inventory.

O. Equal Opportunity and Treatment (EOT)/Human Relations Education (HRE)

Programs

Maintaining a viable and progressive equal opportunity and treatment (EOT) program remains essential to effective Air Force management and mission accomplishment. The human relations environment on our installations remains healthy and productive. The number of racial incidents has dropped 61 percent between FY74 and FY80, and the number of discrimination complaints dropped 79 percent during that same period.

Our recruiting efforts have paid dividends toward meeting our equal opportunity goal to attain racial/ethnic minority end strengths which parallel their representation in the qualified resource. From FY75 to the end of FY80, enlisted racial/ethnic minority representation has increased from 17.9 percent to 23.8 percent of the active force, and enlisted women have increased from 4.8 percent to 11.3 percent. On the officer side, racial/ethnic minorities are up to 8.5 percent from 3.9 percent in FY75, and women officers increased from 4.8 percent to 8.7 percent in the same period.

We have also made strides in career field distribution. The number of enlisted career fields with less than 5 percent minority

representation has been reduced from 91 in FY72 to only 5 at the end of FY79. For women, all officer career fields are now open, and only four combat-related enlisted career fields remain closed. We are continuing our efforts to provide equal opportunity in all aspects of Air Force life.

P. Drug and Alcohol Abuse Control:

Drug and alcohol use among 18 to 24 year old civilians appears to have leveled after three years of increases. The most recent National Institute on Drug Abuse survey indicates that 37 percent of the high school class of 1979 used marijuana in the month preceding the survey and that 72 percent had used alcohol.

In FY81 we are continuing our "no-nonsense" approach to drug abuse. This means prompt command response using discipline, education, and/or rehabilitation based on individual case merits. Alcohol abuse initiatives include destigmatization of alcohol rehabilitation, family assistance efforts and continued emphasis on alcohol deglamorization. Our education programs are being honed so they are more relevant to the roles and responsibilities of our personnel, and particular emphasis is being placed on early identification of personnel with drug/alcohol problems. These efforts will ensure that we minimize the adverse effects of drug/alcohol abuse on mission accomplishment.

IV. CIVILIAN PERSONNEL MANAGEMENT

To complement our uniformed personnel, Department of the Air Force civilian personnel make many significant contributions to our readiness and other mission capabilities. To manage this viable workforce, there are a number of programs and issues that are critical.

A. Civil Service Reform Act:

The Air Force's conversion to the provisions of the Civil Service Reform Act (CSRA) has been very successful. Our senior employees have been converted to the Senior Executive Service (SES), Distinguished and Meritorious executives selected, and bonuses paid; a new performance appraisal system has been established, and supervisors have been trained in its application. The Merit Pay System for GS-13 through 15 supervisory and management employees is under development. In this regard, employees to be covered by merit pay have been identified and the appraisal system for them was implemented on 1 October 1980. All remaining employees will be covered by the new performance appraisal system starting 1 October 1981.

B. Pay Comparison:

The Air Force believes that the current Federal pay policy of comparability with the private sector is equitable and defensible from both the standpoint of Federal employees and the public in general. We believe there should be comparability pay for the lowest graded employee and the highest graded employee as well. With the existing "pay caps" and pay compression obviously the comparability policy has not been permitted to operate fully for a number of years.

There are now about 33,000 Federal employees who receive the same salary no matter what their position in Government; approximately 900 of these are Air Force employees. This has resulted in many situations where different levels of management with varying levels of responsibility are receiving the same pay. This compression has resulted in several problems. The increasing number of retirements and resignations of top executives, precisely when their

training and experience would make them most valuable to the government, is one example. In less than a year there was a turnover of 31 executives, or 18%.

Pay caps negate the entire motivational theory upon which the Senior Executive Service (SES) was founded. There is now little tangible incentive for assuming more difficult and responsible duties, and little or no recognition for doing a job well, since only 20% of SES members were permitted to receive bonuses last year. "Psychic income" does exist at the very highest levels but it tends to disappear very quickly below those levels, especially after several years without a pay increase.

The new merit pay system for middle managers is also affected by the pay cap. Unless the current pay cap is lifted, employees at GS-15 steps 5 through 10 will not receive a pay increase in October, regardless of their performance. If the caps continue another year, almost all GS-15 employees will be at the pay ceiling. It is extremely difficult to convince employees that the merit pay system is a "pay for performance system" when no one receives an increase in pay.

C. Pay Reform:

Civilian pay reform has been a high interest item in Air Force for a number of years. We have been particularly interested in repealing certain provisions of the blue collar pay system which causes the government to overpay its employees in comparison with the private sector when it is a stated policy that we should pay local prevailing rates. There are four major provisions of the current blue collar pay law which negate the principle of comparability and hence need change:

- The step rate structures for non-supervisory/leader rates result in Federal pay being as much as 12% over local prevailing rates.

- The Monroney Amendment requires the government to establish "local" prevailing rates using wage data imported from different areas of the country when there is a "dominant" Federal industry in a particular locality, e.g., aircraft overhaul and repair. At Robins AFB, Georgia, for example, this results in increased costs of over $27 million per annum.

- There is a provision which prohibits the inclusion of wage data from state and local governments despite the fact that they now employ approximately 13% of the national work force.

- There is a requirement to pay uniform percentage night shift differentials of 7 1/2% and 10% for second and third shifts despite the fact that this is not in conformance with practices followed in the private sector.

If these provisions of present law are repealed, the estimated cost avoidance for Air Force over the next five years is $973 million based on a recent Congressional Budget Office study.

The Administration sent proposed legislation for Federal Civilian Compensation Reform to both houses on 24 March 1981. This legislative proposal provides the means of remedying these undesirable aspects of setting blue collar pay which results in a departure from the principle of comparability. In addition, the proposal also contains a provision to make the principle of comparability work better. If adopted, not only will the government make comparisons of wages paid in the non-Federal sector, but benefits as well. This

will result in the establishment of a Total Compensation Comparability System. This feature will not only apply to blue collar pay, but General Schedule pay as well.

The bill also contains other provisions relating to changes in the General Schedule which we strongly support. For example, under present law, there is a legal maximum on how much we can pay entry-level engineers. Using this limitation places us approximately $2,250 to $4,550 below the market rate. Thus we are non-competitive in the market place for a shortage skill. The Air Force currently has approximately 765 (40%) vacant Electronics Engineer positions; a significant portion of these would normally be filled at the entry level. The new bill would remove the present limitation and set it at a higher level allowing us to be more competitive in recuiting this valuable technical resource.

D. Civilian Engineer Shortage:

The Air Force need for civilian engineers has increased 12!% over last year. We are in a highly competitive recruitment market and must use all authorities and flexibilities possible to ensure that we continue to obtain a sufficient number of quality personnel to meet our needs.

The Air Force has 1700 (17%) vacant engineer positions. Removal of the legal maximum on pay for an entry-level engineer is needed to fill these positions. Your support is requested in this area.

E. Affirmative Action:

We are pursuing an aggressive affirmative action program to assure that minorities and women are represented in all occupations and grades commensurate with their availability in the labor market. This program is designed to eliminate the underrepresentation of minority groups and women throughout the civilian work force by using targeted recruitment to locate minorities and women for employment consideration. These requirements are time sensitive and are fully supported by all levels of management, with each level being held accountable for the achievement of affirmative action goals.

F. Cooperative Education:

Under the Cooperative Education (Co-op) Program, college students alternate periods of full-time academic study and full-time work experience. Major advantages of the program are (1) it allows management to observe the student's performance on the job prior to making a decision to permanently hire, and (2) it has proven to be an excellent and cost-effective means of recruiting quality employees -- especially in the scientific and engineering disciplines.

Last year the House Appropriations Subcommittee established a hiring ceiling on the number of O & M funded co-op students. This action made it necessary for the Air Force to impose a temporary hiring restriction in order to limit and monitor the recruitment and placement of co-op students. During the remainder of Fiscal Year 1981, we will be able to recruit only 100 new co-ops. This arbitrary ceiling has no foundation based on considerations of labor market shortages or Air Force needs. The program must be monitored continuously in order to comply with the Subcommittee's requirements. The Subcommittee also established a requirement that all co-ops pass an appropriate examination before being converted to career or career-conditional appointments. Both of these restrictions are applicable only to DOD co-ops.

These restrictions reduce the Air Force's ability to compete with the private sector for entry-level talent, particularly in shortage categories such as engineers. We recommend the ceiling and examination requirement be removed.

G. Civilian Education, Development and Training:

All civilian training, with the exception of military-funded technical training, O & M 3400 appropriation, has been centrally administered and funded since FY79. This program is designed to accomplish the objectives within the authorities of the Government Employees Training Act (GETA) to implement the USAF Personnel Plan, Department of Defense Directive, and the CSRA. It includes career programs, skills training, supervisory training, management training and special training activities, and development for and within the Senior Executive Service.

Civilian training is not a function of end-of-year strength changes. Legislation, third-party decisions, court rulings, retirements, all have an impact on civilian training. Training is required to enhance productivity, keep skills shortages to a minimum, and keep current in latest techniques and state-of-the-art. Currently, approximately 51 percent of wage grade employees require skills and knowledge directly related to mission support activities; e.g., Depot Overhaul and Maintenance. Congress reduced our FY81 program by $500,000. Another reduction in FY82 would drastically affect our program needs.

H. Sick Leave Associated with Retirement:

Following the publication of the Comptroller General's report, DOD Civiian Employee Use of Sick Leave Before Retirement is Still High, in 1979, the Air Force sought to reduce sick leave usage by requiring supervisors to more carefully monitor and scrutinize requests for sick leave. Recent changes have been made in the regulations to the Office of Personnel Management governing disability retirement. These changes have assisted the Air Force in reducing the amount of "terminal sick leave" associated with these retirements. For example, in CY79, 40.8 percent of all retirements were for disability; in CY80, only 25.9 percent. We will continue to emphasize the need to reduce the use of sick leave before retirement by counseling employees on the value of their sick leave, by identifying potential abusers and taking corrective action when appropriate.

V. AIR RESERVE FORCES (ARF)

A. Air Reserve Forces Recruiting and Retention:

The Air Reserve Forces continue to have overall success in recruiting. However, the problem of a declining number of enlistment eligible youth and a lower propensity to enlist that affects the active component, has also affected the recruiting market for the ARF and has led to shortages in certain critical skills, in many instances the same skills that are critically manned in the active component. The pool of available prior service personnel in these specific skills is small and will require extra efforts for the ARF to recruit and retain them. The ARF are improving and refining their recruiting activities to concentrate on these critical skills. In order to sustain this effort, full funding of the FY 82 recruiting and advertising program is essential. The ARF are also working hard at lowering the attrition rate of both first-term and career airmen through institution of a number of policy changes, including improved

promotion opportunities and retraining into critical skills. The ARF goal of attaining funding for 100 percent manning of wartime requirements continues to be a high priority.

B. Air Reserve Forces Incentive Program:

The Air Reserve Forces Incentive Program, designed to provide enlistment bonuses/educational assistance for non-prior service enlistments and bonuses for immediate reenlistments or extensions in units of the ARF, has shown steady progress since its original authorization in FY79. The limited funding in FY79 and FY80 precluded the ARF from utilizing incentives to the full extent necessary to achieve combat ready manning in critical specialty shortages. However, efforts of the Congress to provide increased funding in FY81 to support these programs and to extend the authority for payment through FY85 will allow the ARF to expand their programs. In addition, the authorization of a new affiliation bonus program is expected to draw additional prior service personnel to participate in the ARF.

This combination of non-prior service and prior service incentives will be directed at filling critical skill shortages and will result in increased combat readiness of our Air Reserve Forces.

C. Air Reserve Forces Technician Program:

The 95th Congress directed the Army and Air Force Reserve Components to conduct a test and convert a limited number of their technician positions to full-time military status. The test terminated in July 1980 and DOD provided test results on 31 December 1980. The test results demonstrated that adequate numbers of qualified personnel, especially in the wage grade aircraft maintenance specialties critical to a flying unit's combat readiness, could not be recruited in a full-time military status. This led to our recommendation against conversion of the technician forces to military status.

Generally, the Air Force supports the current structure of the ARF technician program. However, until the Congress makes its decision on the militarization of this category, the department is recommending that the ARF be allowed to program their individual full time requirements as necessary, to maintain readiness and facilitate conversions to more modern weapon systems.

D. Special Pay for Medical Officers in the Reserve Components:

P.L. 96-284 established special pays for active duty medical officers. This is expected to contribute significantly to improved recruitment/retention of these officers. Although P.L. 96-284 established a new concept of special pays for active duty medical officers, it did not include medical officers of the reserve components. Institution of special pays for reserve component medical officers is needed to help reduce critical shortages. The Air Force is currently short 304 medical officers in the reserve components. The lack of a special pay program is considered to be one of the greatest obstacles to the recruitment/retention of these officers. The office of the Secretary of Defense has initiated a legislative proposal to provide special pay for reserve component medical officers. The Air Force supports passage of the proposed legislation.

VI. CONCLUSION

In conclusion, Mr. Chairman and members of the Committee, as we look back at the last decade and its erosion of the value of military compensation, we have seen an exodus of highly skilled, experienced military people. As we look ahead, the challenge of the 1980s will be to provide highly qualified and capable personnel for our nation's

military services in the face of increasing competition from industry. If we are to succeed, we must provide the essential compensation and quality of life improvements outlined in this statement. We look forward to the challenge, and with your help and support we will be able to maintain the dedicated, professional force required to perform the Air Force's vital mission. Thank you very much.

JOE F. MEIS

Mr. Joe F. Meis became Principal Deputy Assistant Secretary of the Air Force (Manpower, Reserve Affairs and Installations) on March 1, 1978. As Principal Deputy, Mr. Meis functions as the principal executive and advisor to the Assistant Secretary and participates with him in the overall management of all manpower, reserve component affairs and installations management programs.

Mr. Meis was born in Hays, Kansas, on February 24, 1922, and attended public schools in Sharon Springs, Kansas. He studied at The George Washington University in the District of Columbia and the Federal Executive Institute at Charlottesville, Virginia. He is a member of the American Institute of Plant Engineers and the Society of American Engineers.

In September 1940, Mr. Meis joined the United States Army as a private, serving with the 45th Infantry Division at several stateside locations before moving overseas in 1943 to participate in the assault landings at Sicily, Salerno and Anzio in Italy and in Southern France. In 1946, Mr. Meis was released from active duty and joined the Colorado Air National Guard.

During the Korean War, he was recalled to active duty as a lieutenant colonel for service at Headquarters Far East Air Forces, Tokyo, Japan. He was released from active duty in 1953 and rejoined the Colorado Air National Guard. In 1954, Mr. Meis re-entered active duty and held positions at Headquarters United States Air Force and with the National Guard Bureau until 1968.

In July 1968, Mr. Meis joined the Office of the Assistant Secretary of the Air Force for Installations and Logistics as Real Property Maintenance Administrator in the Office of the Deputy Assistant Secretary for Installations. In March 1974, he moved up to become the Deputy for Installations Management. He was designated Acting Deputy Assistant Secretary for Installations on September 15, 1975, and served in that position until becoming Deputy Assistant Secretary for Installations six months later, a position he held until his appointment as the Principal Deputy Assistant Secretary. Mr. Meis was designated the Acting Assistant Secretary of the Air Force (Manpower, Reserve Affairs and Installations) from May 19, 1979, through February 14, 1980.

His military decorations and awards include the Legion of Merit, Bronze Star Medal with one oak leaf cluster, European-African-Middle Eastern Campaign Medal with two service stars and an arrowhead, Korean Service Medal, and Combat Infantry Badge. He received the Pennsylvania Meritorious Service Medal in 1967 from the Governor of Pennsylvania. In 1973, he was awarded the prestigious Air Force Exceptional Civilian Service Award, followed, in 1977, by the award of the Air Force Meritorious Civilian Service Award. In 1979, Mr. Meis was awarded a second Air Force Exceptional Civilian Service Award. Mr. Meis was selected to receive the Presidential Rank Award of Meritorious Executive in September, 1980.

Mr. Meis is married to the former Louise E. Robertson of Abilene, Texas, and has three sons.

MAJOR GENERAL WILLIAM REED USHER

Major General William R. Usher is Director of Personnel Plans, Office of the Deputy Chief of Staff, Manpower and Personnel, Headquarters U.S. Air Force, Washington, D.C. He is responsible for developing Air Force policy for accession, entitlements, promotions, force utilization and human resources development. He also guides the analysis of the entire spectrum of personnel activities and acts as the focal point for the manpower and personnel community in dealing with joint service matters.

General Usher was born March 9, 1933, at Worcester, Mass. He graduated from Mount Hermon School, Mount Hermon, Mass., in 1950, then entered Yale University where he received a bachelor of arts degree in economics in 1954. He earned a master's degree from the Harvard University Graduate School of Business Administration in 1960 and graduated from the Armed Forces Staff College in 1965.

In August 1954 he was commissioned in the U.S. Air Force through the Reserve Officers' Training Corps program and entered on active duty in June 1955. He received his pilot wings upon completion of flight training at Webb Air Force Base, Texas, in July 1956.

From July 1956 through September 1959, General Usher served as a jet instructor pilot with the 20th Tactical Fighter Wing, Royal Air Force Station Wethersfield, England, and with the German Air Force at Landsberg and Furstenfeldbruck Air Bases in Germany. He then returned to the Harvard Graduate School of Business Administration to complete the master's program begun in 1954.

In July 1960 he was assigned to Headquarters U.S. Air Force, Washington, D.C., as a plans and programming officer in the Directorate of Manpower and Organization, Office of the Deputy Chief of Staff, Operations.

From June 1962 to July 1964, General Usher was aide-de-camp and assistant executive officer to the vice chief of staff, U.S. Air Force, and assistant secretary of the Air Force Council. In addition, General Usher served Presidents Kennedy and Johnson as a White House military aide from 1961 to 1964. He graduated from the Armed Forces Staff College, Norfolk, VA., in June 1965.

General Usher next was assigned as a plans officer in the Europe, Middle East and South Asia Division, Directorate of Plans, J-5, U.S. Strike Command, MacDill Air Force Base, Fla. In July 1967 he began F-4 combat crew training with the 15th Tactical Fighter Wing at MacDill Air Force Base.

From March 1968 to March 1969, General Usher served in the Republic of Vietnam as squadron executive officer, squadron operations officer, wing plans officer, and deputy base commander with the 12th Tactical Fighter Wing at Cam Ranh Bay Air Base. He flew more than 100 combat missions in Southeast Asia in the F-4 and went with the 558th Tactical Fighter Squadron when it was temporarily deployed to Taegu Air Base, Republic of Korea, following the seizure of the USS Pueblo by North Korea in 1968.

General Usher returned to the United States in March 1969 to serve as an operations staff officer in the Pacific Division, Directorate of Operations, J-3, Organization of the Joint Chiefs of Staff, Washington, D.C. In July 1970 he became a military fellow at the Council on Foreign Relations, New York City.

In July 1971 General Usher assumed duties as military assistant to the Secretary of the Air Force, Washington, D.C. He assisted and advised Secretaries Robert C. Seamans Jr. and John L. McLucas on the broad range of national security matters falling within their responsibility as Secretary of the Air Force.

In August 1975 General Usher became chief, Air Force Section, Joint United States Military Mission for Aid to Turkey, Ankara, Turkey, acting as the senior U.S. Air Force Advisor to the commander of the Turkish Air Force.

General Usher was appointed the assistant deputy chief of staff for operations and intelligence, United States Air Forces in Europe in August 1977, and in May 1978 became the assistant for readiness. General Usher assumed his present position on April 30, 1979.

He is a command pilot with more than 3,500 hours of flying time and wears the parachutist badge. His military decorations and awards include the Distinguished Service Medal, Legion of Merit with one oak leaf cluster, Distinguished Flying Cross with one oak leaf cluster, Air Medal with five oak leaf clusters, Joint Service Commendation Medal with one oak leaf cluster, Air Force Commendation Medal with one oak leaf cluster, Air Force Outstanding Unit Award ribbon with one oak leaf cluster and "V" device, the Republic of Vietnam Gallantry Cross with palm and the Brazilian Order of Aeronautical Merit, degree of grande cruz.

He was promoted to the grade of major general on March 1, 1979, with date of rank July 1, 1975.

General Usher is married to the former Sanford Webb of Martinsville, Va. They have two sons: William Reed III and John Webb.

OVERVIEW STATEMENT

Mr. MEIS. I am Joe Meis, the Acting Assistant Secretary of the Air Force for Manpower, Reserve Affairs and Installations.

Mr. Chairman and members of the committee, I appreciate this opportunity to appear before you to discuss manpower and personnel issues of the U.S. Air Force for fiscal year 1982. With your permission I would like to present a broad overview of the program and then have General Usher discuss the active force program in more detail followed by remarks of Generals Bodycombe and Conaway regarding the Reserve forces.

Senator STEVENS. Yes, sir.

Mr. MEIS. By now you have heard testimony from our Secretary and Chief of Staff with respect to the overall readiness status of the U.S. Air Force. Clearly, improving our state of readiness is mandated as one of the highest priorities of the 1980's and beyond. Readiness begins with people.

So today it will be our purpose to present the manpower and personnel aspects of that readiness equation. It is our responsibility to provide the manpower in adequate numbers and skills to insure the air power necessary to the security of this Nation.

To successfully fulfill this duty we need the means to attract, train and retain the right people in an all volunteer force environment. Readiness requires that each person in the military be mentally and physically fit, disciplined, obedient, responsive, technically qualified and available. Yes, a big order indeed, but we believe one that can be achieved if we maintain the momentum of improvements begun last year and pursue some new initiatives.

PAY AND COMPENSATION IMPROVEMENTS

The pay and compensation improvements of 1980 for which we thank the Congress, did much to reverse the worst retention and recruiting experience in the history of the Air Force. At this point we are cautiously optimistic over the improved retention and recruiting experienced in the last few months. To insure the permanency of this trend, more needs to be done. Restoration of true pay comparability is most important, but in my judgment does not stand alone.

There are other areas of great importance such as educational incentives, quality of life considerations, medical care for dependents and last, but not least, restoration of the military profession once again to a place of honor in our society, a position which was largely eroded by the climate of opinion that prevailed following the Vietnam era.

MANPOWER REQUIREMENTS

Let me now turn to Air Force manpower requirements for 1982. We will continue with the increases in active military manpower that we began in fiscal year 1981 after 12 consecutive years of manpower reductions. The increase of 17,800 in active military manpower is required to support the continued modernization of our general purpose forces, the introduction of new weapon systems, support of space programs and various initiatives to improve the readiness of our total force. We also continue to increase the

strength of the Air National Guard and Air Force Reserve due to our increasing reliance on these forces.

This confidence is justified on the excellence of their performance in all missions to which they are assigned. As you know, every day segments of our Reserve forces participate in the accomplishment of our Air Force mission in such roles as KC-135 tanker alert, air defense alert, airlift, engineering, and communications. There is no stronger testimony to the fact that the total force policy does work and works well.

Their state of combat readiness currently stands at 100 percent for the Air Force Reserve and over 95 percent for the Air National Guard. Units undergoing conversions to new equipment are not measured in the readiness ratings.

Similarly, their military manning has steadily increased and now stands at 59,300 for the Air Force Reserve and 97,500 for the Air National Guard.

MODERNIZATION OF EQUIPMENT

Equipment modernization of the Reserve forces continues high on our priority. In the past 3 years we have converted 37 units to more modern equipment, that is to F-4's, A-10's, C-130's, A-7's, et cetera. This type modernization will be a continuing program and will largely be governed by the rate of procurement for both the Active and the Reserve forces.

CIVILIAN MANPOWER PROGRAM

Now I have a few words on the civilian manpower program. This program also represents an important element of the Air Force's ability to support and sustain its wartime capability.

In fiscal year 1982, the 3,519 net increase, which is the first since 1967, is attributable to increased workloads at our logistics depots, increased technician requirements to support modernization of the Air Reserve forces as I just alluded to, the conversion of nonmilitary essential positions to civilians, and various other programmatic adjustments which are partially offset by planned potential conversions of commercial/industrial-type functions from in-house to contract performance, of course pending cost studies to determine the most economical means of accomplishment.

We expect that the increased military strength can be met through an aggressive recruiting program and continued improvement in our retention. And improved retention is the key to the future. In the officer category we have met our recruiting goals except for physicians and engineers.

We currently have a shortage of approximately 1,100 engineers and about 100 physicians. The shortage of engineers will become even more acute as we enter the era of the MX, the Space Shuttle, and consolidated space operations center. The demand for engineers is rising in both civilian industry and the military. Competition is tough and the higher starting salaries in the private sector, averaging about $21,000 compared to the pay of a second lieutenant, which is about $15,400, does not do much to help our cause.

In addition, the retention of aviators continues to be a matter of real concern, and consequently increased undergraduate flying

training rates as well as other incentives are necessary to arrest the decline in rates inventories.

In the enlisted category, the Air Force met its recruiting objective in 1980 after experiencing a shortfall in 1979 for the first time in its history. In 1981 it appears that our goal of 81,200 accessions will be met.

Earlier I alluded to the need for added incentives to insure a healthier recruiting and retention atmosphere. I would like to expand on my remarks in only two areas. First is pay comparability.

PAY COMPARABILITY

There is no doubt that the alarming exodus of experienced officers and enlisted personnel in recent years can be traced to the degradation in the military pay and compensation that has occurred since the early 1970's. The October 1980, 11.7 percent pay raise, along with the Nunn-Warner amendment and other elements of the fair benefits package, constituted the most significant pay and compensation improvements in nearly a decade.

PCS REIMBURSEMENTS AND OTHER INADEQUACIES

We must now build on this major achievement by identifying and correcting remaining inadequacies. For example, an additive 5.3 percent pay raise would be required in order to regain the 1972 level of pay to achieve comparability. I will leave to my military colleagues the opportunity to elaborate on this point as well as discuss other incentives such as PCS reimbursements, improved medical care and other quality-of-life items so essential in attracting and maintaining the people necessary for total force readiness.

I would be remiss, however, if I failed to make one point specifically with respect to a second area. That is the elimination of inequities in permanent change of station reimbursements. In my judgment, increased PCS reimbursements are not and should not be viewed as compensation improvements but rather as a cost of doing business.

In 1979 the OSD pay study documented that military members incurred over $1 billion annually, of which the Air Force portion was $280 million, in out-of-pocket costs in conjunction with Government-directed moves. This substantial financial penalty, in effect a moving tax, is a major inequity and irritant to our military members. I strongly recommend steps be taken this year to correct this inequity.

While I have only alluded to some of the most significant elements of our request for fiscal year 1982 in this brief statement, I earnestly solicit your endorsement of the entire fiscal year 1982 program, for we are convinced that it represents a sensible approach to attracting and retaining the necessary kinds and numbers of people needed to fulfill our national security responsibilities.

As I mentioned at the onset, Generals Usher, Bodycombe, and Conaway are with me to assist the committee and I trust the members will permit me to call on their detailed expertise with respect to some matters you may wish to pursue.

Thank you for your attention. I would now like to ask General Usher to take over.

Senator STEVENS. Thank you, Mr. Meis.

General Usher?

Personnel Plans

RECRUITMENT AND RETENTION OF PERSONNEL

General Usher. Mr. Chairman, I am Maj. Gen. William Usher, Director of Personnel Plans, Headquarters, U.S. Air Force, and I also appreciate the opportunity to appear before you today. My remarks will be brief but there are several key points that I would like to make for consideration by the committee.

As Mr. Meis has indicated, we are encouraged, very much encouraged, by the trends we are seeing in our ability to recruit and retain quality people to perform the Air Force mission. We are very appreciative and grateful of the substantial role that congressional support has played in shaping those trends.

RETENTION NO. 1 CONCERN

However, retention continues to be our No. 1 concern for a number of reasons. First, our improved retention rates have not been tested. Another way of putting it is that we have everything going for us right now. We have had substantial improvements in compensation that I alluded to and there has been widespread publicity of more to come.

The economy has been on the downside and airline hiring is way down from the high levels of a couple of years ago. The national spirit is high right now following events in Iran and Afghanistan. Should one or more of these trends change, such as an improved economy which we all wish for, we could see a corresponding effect perhaps on our retention rates.

Second, we still have shortages resulting from the drain of experienced personnel that occurred in 1979. At the end of fiscal year 1980 we were short 1,100 pilots, 300 navigators, 1,100 engineers, and some 8,000 midlevel NCO's, noncommissioned officers, in critical skills. It would take years of improved retention to replace these people even if our requirements stood still.

That leads me to my third point. Our requirements are increasing. The amended budget request for fiscal year 1982 includes a military manpower growth of 17,800 over the fiscal year 1981 supplemental request which itself includes a growth of 4,500.

We expect these requirements to continue to grow in the future. Even with the improved retention rates of calendar year 1980, we expect our pilot shortage to grow to over 2,000 and the navigator shortage to grow to over 1,000 by the end of fiscal year 1983.

To meet our increasing manpower requirements, retention will have to get even better and stay better. We cannot meet increasing requirements simply by bringing more people in through the front gate, because that would make our experience mix drop to an unacceptably low level.

Instead, we must do a combination of bringing in more new people and retaining more of our experienced people. To do this, we need the continuing help of this committee and the Congress. We are prepared to discuss the initiatives that are needed to sustain the momentum which was begun this past year.

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RESTORATION OF MILITARY COMPENSATION

The pivotal issue at this juncture is to restore military compensation to the relatively comparable levels of the private sector that were established in 1972 when we created the All-Volunteer Force. A 5.3-percent across-the-board pay raise will accomplish that goal and is vital to enhance recruiting and retention efforts and to help the Services cope with increased requirements, the declining manpower pool, and the growing industry demand for expensively trained and highly experienced personnel.

The 5.3-percent raise has been widely publicized in Service publications and national media, heightening members' expectations. In the Air Force for example retirements are down from fiscal year 1980 by some 20 percent for enlisted personnel and 25 percent for officers, while extensions of enlistments, in lieu of reenlistments, are running at 70,000 per year.

A 5.3-percent pay raise effective July 1, 1981, will demonstrate in a convincing manner to our people that the administration, the Congress, and the people of our country appreciate the sacrifices our members have been making and are committed to remedying a decade of neglect. On the other hand, failure to follow through on the 5.3-percent pay raise would have a negative effect on morale that could lead once again to serious retention problems which plagued all of the Services at the end of the 1970's.

PROBLEMS IN SPECIFIC SKILLS

We also need additional actions to address problems in specific skills. These include a further 25-percent increase in officer and enlisted flight pay, authority for an accession bonus and continuation pay for engineers, a 50-percent increase in hazardous duty incentive pay, and an expansion of the hazardous duty incentive pay authority. A most pressing requirement is to alleviate the negative compensation elements associated with military life, the substantial unreimbursed expenses our people now incur that should be properly assumed by the Government.

INADEQUACY OF PCS REIMBURSEMENTS

The most obvious negative compensation problem is the inadequacy of permanent change of station reimbursements. To illustrate the magnitude of the current shortfall, an average staff sergeant who moved to a new duty assignment this past year was forced to personally absorb excess expenses equivalent to a full year's worth of the 11.7-percent pay raise enacted last fall and the 10-percent subsistence increase after taxes.

This mandatory subsidizing of Government-directed moves is costing us more and more good people, and we need to change that. We are appreciative of the committee's support of the fiscal year 1981 supplemental request to raise the allowance from 10 to 16 cents per mile. The requested mileage allowance of 16 cents per mile on July 1, 1981, and 18.5 cents per mile for fiscal year 1982 is consistent with the standards used by other Government agencies and is clearly necessary to offset actual expenses.

Further improvements are required to address other negative compensation problems. We need to increase reimbursements

under the CHAMPUS program and to establish a cost-sharing dental care plan to relieve our members from having to pay a disproportionate share of their medical expenses. We also need to provide a partial cost-of-living allowance for single and unaccompanied members subsisting on base in high-cost oversea areas.

These are but a few of the many compensation needs that remain to be fulfilled. My main message is that we cannot assume that last year's actions have solved all of our manpower problems, although they certainly have helped. What they did do was to send military people a welcome message that the Nation is concerned about their problems and intends to do something about them.

We now need to sustain that commitment with additional initiatives to address the remaining deficiencies and inadequacies in the compensation system. If we do that, I believe we can avoid serious impacts on our immediate readiness posture and meet the expanded requirements planned for the future.

PERSONNEL COSTS

In spite of last year's increases in compensation, I would like to point out that personnel costs continue to represent a declining portion of the Air Force budget. Not that they should increase, but I would like to point out that they have been decreasing.

When costs for indirect support, family housing and retired pay are included, Air Force personnel costs are only 40 percent of the total obligational authority in the fiscal year 1982 budget compared to some 55 percent in fiscal year 1974. Without including retired pay, personnel costs are only 34 percent of the fiscal year 1982 budget compared to some 52 percent in fiscal year 1974.

The point is I think that we are doing a pretty good job of managing our personnel costs in keeping them in perspective with out total budget.

As Mr. Meis in his formal statement indicates, we have many concerns across the spectrum of manpower and personnel matters. In my brief remarks however, I wanted to focus on retention and compensation because of their central importance to everything else we do. After my colleagues have made some remarks, I would be happy to respond to any questions you may have.

Thank you.

Senator STEVENS. Thank you, General. General Bodycombe.

U.S. Air Force Reserve

STATEMENT OF MAJ. GEN. RICHARD BODYCOMBE, CHIEF, AIR FORCE RESERVE, UNITED STATES AIR FORCE

ACCOMPANIED BY COL. EDWARD E. WOODDELL, CHIEF, COMPTROLLER DIVISION, OFFICE OF THE AIR FORCE RESERVE

PREPARED STATEMENT

General Bodycombe?

General Bodycombe. Yes, sir, Mr. Chairman. Good morning.

With your permission I would like to submit my complete statement for the record, and I will briefly highlight several aspects of our program which I think would be of significant interest to the committee.

[The statement follows:]

PREPARED STATEMENT OF MAJ. GEN. RICHARD BODYCOMBE

CHIEF, AIR FORCE RESERVE

Mr. Chairman and Members of the Committee:

With your permission, I would like to submit my complete statement for the record and briefly highlight several aspects of our program which I believe to be of significant interest. In the 1980's we will continue to develop, train, and maintain operationally ready units and individuals that are immediately available whenever and wherever needed. An important by-product of our training is the accomplishment of actual Air Force missions worldwide. For example, during FY 1980, Reserve aircraft and crews airlifted 4,100 tons of cargo, flew 77,500 passengers and air dropped nearly 20,000 troops as a part of their normal training missions.

Reservists also provided outstanding humanitarian support here at home assisting in such projects as fighting fires in California, air dropping supplies to floodstranded people and livestock in Arizona, and tracking hurricanes. Air Force Reserve rescue and recovery units flew 101 search and rescue missions, logged over 615 hours and were officially credited with saving 116 lives. Especially noteworthy items included in these figures: the 304 ARRS at Portland was credited with 75 saves, 61 during the Mount St. Helens disaster. Additionally, the 302 SOS at Luke AFB saved five lives during the Arizona flooding, and most recently, they were credited with saving 17 lives during the MGM Hotel fire in Las Vegas in November 1980. I am proud of these accomplishments, especially since they were in conjunction with meaningful training which is the key to improving readiness.

READINESS

The best indicator of readiness is performance. The events I have just described are "real-world" proof of our readiness. In addition Redoubt 80, our annual readiness exercise, was an outstanding success. This marks the fourth consecutive year we've tested our capability to mobilize forces to meet a simulated contingency requirement. Each year the size, scope, and complexity of the operation has increased to more accurately measure the Air Force Reserve's capability to respond.

We again tested notification of personnel and recall of units, mobilization procedures, deployments to forward operating locations, employment, and redeployment to home stations.

At a time of increased national concern about the capabilities of our U.S. military forces, it is not only appropriate but necessary that the Air Force Reserve continually put itself through mobilization exercises like Redoubt.

Redoubt 80 clearly demonstrated that the Air Force Reserve is prepared and capable of responding to the nation's defense needs. In short, we proved that the Air Force Reserve is ready!

PEOPLE

Another indicator of readiness is people, both their numerical strength and attitude. I have continued an active field visitation program with our units because I consider it one of my most useful management tools. I take members of my staff and go out on the weekends when Reservists are working to observe and talk with our

people. It allows us to see and hear firsthand the accomplishments and the problems. We then come back and work any problems that surface and apply the information we have gathered. Most importantly, it allows me to assess the attitude and morale of our people which I can testify is excellent.

Due to the attitude and efforts of our people, we continue to maintain a very favorably manning posture. The Air Force Reserve attained an end strength of 58,921 in FY 1980, exceeding its programmed end strength of 58,219. This accomplishment was made possible through the dedicated efforts of all our Reserve members. For FY 1981, the Congress approved an average strength level of 58,800, however, funds were added in the Appropriation Bill to increase this level to 59,960. In both FY 1981 and FY 1982, end strengths are programmed at 98 percent of unit authorizations. These strengths will enable the Air Force Reserve to support the Air Force mission and provide a ready and well trained nucleus to meet our wartime mission requirements.

EQUIPMENT MODERNIZATION/CAPABILITY

In addition to attracting and retaining good people we are moving forward in replacing older equipment. We will continue significant equipment modernization in FY 1981 and this trend continues in FY 1982. The FY 1982 budget includes a program to activate our third A-10 tactical fighter squadron and gain two additional F-4 tactical fighter squadrons, enabling the phaseout of older and less capable fighter aircraft. We will also be converting one C-123 tactical airlift squadron to C-130A aircraft, however, beyond FY 1982 we will still possess three squadrons of older, piston-powered C-123 and C-7 aircraft that should be modernized.

As of March 1981, all of our equipped flying units were combat ready with the exception of two fighter units converting to newer aircraft. All six of our associate strategic airlift wings were combat ready. Additionally, each of the three KC-135 tanker squadrons remains in combat ready status. These squadrons form the 452 Air Refueling Wing, which was awarded the prestigious Spaatz trophy last year for operational excellence.

SUMMARY

I am very pleased to be able to present this positive report to you. I believe that the Air Force Reserve is fulfilling its peacetime mission and is fully ready to accomplish its wartime role. We feel this is a very solid "bottom line" in support of our requested programs for FY 1982.

Before closing, I would be remiss if I failed to mention the technician militarization test. As directed by the 96th Congress, we terminated our technician militarization test on June 30, 1980. During the test, which began in September 1979, we filled 140 of the 229 positions we were tasked to convert (61%). We were able to fill 92 of the 165 Wage Board positions (56%) and 48 of 64 (75%) General Schedule positions.

The Air Force Reserve considers the test a dismal failure. We were not able to attract sufficient numbers of personnel in a full-time military status-especially in the highly technical aircraft maintenance specialties which are critical to the combat readiness of our flying units. The test also impaired our technician recruiting and retention efforts because of the aura of uncertainty

about the future of the technician program which the test created. As a result, the day-to-day management and operation of the Air Force Reserve unit program has been strained and needs time to recover.

As indicated in previous testimonies, the Air Force Reserve is strongly opposed to any militarization of the technician force. We have reviewed and fully concur with the conclusion and recommendations of the Department of Defense Report which has been submitted to Congress on the Technician Conversion Test. Should Congress agree to these recommendations and withdraw the Air Force Reserve from further participation, appropriate language would have to be included to increase our current civilian strength ceiling to accommodate the restoration of ART authorizations in place of military authorizations. As this report stated, without this action we would end up with neither military or civilian positions which would seriously impact readiness.

This concludes my statement, Mr. Chairman. I will be glad to respond to questions.

Mr Chairman and Members of the Committee:

Thank you for the opportunity to appear before this committee to present the Air Force Reserve programs for FY 1982.

It is with great pleasure that I report that the Air Force Reserve attained an end strength of 58,921 in FY 1980, exceeding its programmed end strength of 58,219. This accomplishment was made possible through the dedicated efforts of all our Reserve members.

For FY 1982 we are requesting an average Selected Reserve strength of 62,800 as summarized in Table I. At the direction of the Secretary of Defense, this FY 1982 strength level includes 1000 Individual Mobilization Augmentee positions transferred from the Individual Ready Reserve to the Selected Reserve for accounting and budgeting purposes. These personnel train for two weeks per year in their wartime assignment and will be subject to mobilization with the Selected Reserve. For 1981, the Congress approved an average strength level of 58,800, however, funds were added in the Appropriation Bill to increase this level to 59,960. In both FY 1981 and FY 1982, end strengths are programmed at 98 percent of the unit authorizations required to support the force structure shown in Tables II and III. These strengths will enable the Air Force Reserve to support the Air Force mission and provide a ready and well trained nucleus to meet our wartime mission requirements. Briefly, our mission is to develop and maintain a Reserve of trained, operationally ready combat units and individuals who are immediately available for active duty in time of war, national emergency, or to counter other threats to our national security. To accomplish this mission, the Air Force Reserve conducts a comprehensive program of recruitment, training, and operations.

Again this year, I am proud to state that the Air Force Reserve remains ready to fulfill its mission. All Reserve units can be mobilized in 24 hours and deployed within 72 hours. The key to Reserve effectiveness has been, and continues to be, modern equipment, meaningful missions and a sense of importance on the part of all members.

We are realizing some equipment modernization in the FY 1982 budget. This includes a program to activate our third A-10 tactical fighter squadron and gain two additional F-4 tactical fighter squadrons, enabling the phaseout of older and less capable fighter aircraft. We will also be converting one C-123 tactical airlift squadron to C-130A aircraft, however, beyond FY 1982 we will still possess three squadrons of piston-powered C-123 and C-7 aircraft that should be modernized.

As of March 1981, all of our equipped flying units were combat ready with the exception of two fighter units converting to newer aircraft. Both units, the 47 Tactical Fighter Squadron at Barksdale AFB, LA and the 465 Tactical Fighter Squadron at Tinker AFB, OK should complete their conversions to A-10s and F-4Ds, respectively, by April 1981. All six of our associate strategic airlift wings were combat ready. Additionally, each of the three KC-135 tanker squadrons remains in combat ready status and has crews standing daily Single Integrated Operational Plan alert. These squadrons form the 452 Air Refueling Wing, which was awarded the prestigious Spaatz trophy last year for operational excellence.

As you know, one of the main reasons we have been so successful in maintaining readiness in the Air Force Reserve is our Air Reserve

Technician (ART) program. These dual status individuals perform in both a civilian and military capacity in their units. During the week, they provide day-to-day management and administrative continuity. During active and inactive duty training periods, they perform as military members of the unit, responsible for the training of the other Reservists. The high skill level of this technician force coupled with the stability of these employees are two factors critical to sustaining our operational readiness. This stability is one of the major reasons we have been able to attract and retain individuals who possess the highly technical skills needed to insure such readiness.

As directed by the 96th Congress, we terminated our technician militarization test on June 30, 1980. During the test, which began in September 1979, we filled 140 of the 229 positions we were tasked to convert (61%). We were able to fill 92 of the 165 Wage Board positions (56%) and 48 of 64 (75%) General Schedule positions.

The Air Force Reserve considers the test a dismal failure. We were not able to attract sufficient numbers of personnel in a full-time military status -- especially in the highly technical aircraft maintenance specialties which are critical to the combat readiness of our flying units. The test also impaired our technician recruiting and retention efforts because of the aura of uncertainty about the future of the technician program which the test created. As a result, the day-to-day management and operation of the Air Force Reserve unit program has been strained and needs time to recover.

As indicated in previous testimonies, the Air Force Reserve is strongly opposed to any militarization of the technician force. We have reviewed and fully concur with the conclusions and recommendations of the Department of Defense Report which has been submitted to Congress on the Technician Conversion Test. The Air Force Reserve will need its civilian ceiling increased to accommodate the restoration of ART authorizations in place of military authorizations. Without some relief, we can only convert military to civilian spaces at the expense of the active force. Since this way proves difficult-if not impossible-some of our forthcoming conversions may be delayed or the readiness of the converting units seriously impaired. This is especially important in view of the fact that some of the conversions to more modern weapons systems involve an increase in full time support.

In several areas, as Reservists train, they support requirements that would otherwise have to be fulfilled by active force resources. These are called by-product accomplishments because a productive mission is performed in conjunction with training requirements. For example, in FY 1980, Reserve crews of equipped units airlifted 4,100 tons of cargo, flew 77,500 passengers and air dropped nearly 20,000 troops as a by-product of their normal training missions. In addition, Air Force Reserve associate C-141 and C-5 units flew more than 78,000 hours, and our associate aeromedical evacuation unit flew more than 2,000 live missions and airlifted more than 60,000 patients. We also share rotational duty in Panama with the Air National Guard in support of United States Southern Command with six aircraft and seven crews for six months each year.

Reservists also provided outstanding humanitarian support here at home last year, assisting in such projects as air dropping fire retardants on fires in California, air dropping supplies to flood-stranded people and livestock in Arizona, and tracking hurricanes

Allan, Charlie, Danielle, Frances, Georges and Hermine. With regard to hurricane tracking, I should emphasize the fact that, for the fifth consecutive year, our weather reconnaissance group accomplished at least 70 percent of all hurricane missions in the Gulf of Mexico, the Atlantic and the Caribbean.

In FY 1980, Air Force Reserve rescue and recovery units flew 101 search and rescue missions, logged over 615 hours and were officially credited with saving 116 lives. Especially noteworthy items included in these figures: the 304 ARRS at Portland was credited with 75 saves, 61 during the Mount St Helens disaster. Additionally, the 302 SOS at Luke AFB saved five lives during the Arizona flooding, and most recently, they saved 17 lives during the MGM Hotel fire in Las Vegas in November 1980.
The experience and skills of Air Force Reserve personnel are also valuable assets in supporting Civil Air Patrol (CAP) programs such as cadet encampments, aerospace education workshops, and a wide variety of other special CAP activities.

Redoubt 80, our annual readiness exercise, was an outstanding success. This marks the fourth consecutive year we've tested our capability to mobilize forces to meet a simulated contingency requirement. Each year the size, scope and complexity of the operation has increased to more accurately measure the Air Force Reserve's capability to respond.

We again tested notification of personnel and recall of units, mobilization procedures, deployments to forward operating locations, employment, and redeployments to home stations. We also zeroed in on the ability of Reserve units to augment their active Air Force gaining commands, while interfacing with them and other service components in testing new procedures.

At a time of increased national concern about the capabilities of our U.S. military forces, it is not only appropriate but necessary that the Air Force Reserve continually put itself through mobilization exercises like Redoubt. Future exercises will place increased emphasis on deployment activities and closer coordination of strategic airlift activities with elements of the U.S. Army.

Redoubt 80 clearly demonstrated that the Air Force Reserve is prepared and capable of responding to the nation's defense needs. In short, we proved that the Air Force Reserve is ready!

At present, Reservists provide almost 50 percent of the air crews and approximately 40 percent of the maintenance for MAC's C-141 and C-5 strategic airlift fleet. More than 30 percent of all tactical airlift is provided by the Reserve. Fifty percent of the crews for SAC's new KC-10 tanker/cargo aircraft will be Reservists. Also, with the acceptance of the A-10 fighter, Reservists are flying new first-line fighter aircraft.

In the Reserve we have two basic resources - capital and people. People are by far more important. Only through their dedication to the role of citizen-airmen can we accomplish our primary mission of training for mobilization. Their talent, personal sacrifice and dedication to mission accomplishment were again proved during Redoubt 80. The wide scope and complexity of this exercise and the professional manner in which it was accomplished attest to our readiness and "can do" spirit as a highly capable force within our country's defense structure. With the continued contributions of time, talent and energy, we will remain a mainstay to the American way of life.

In addition to our unit program, the Air Force has a successful program to provide trained individual Reserve augmentees to active force units upon mobilization. In the past year the Air Force has conducted a thorough review of this Individual Mobilization Augmentee Program. This review reaffirmed that Individual Mobilization Augmentees provide a cost effective answer to selected wartime requirements. These requirements are identified by grade and skill as part of the annual wartime manpower planning process of the Air Force. Reservists are assigned to positions established in active force organizations and are trained and supervised by the active force.

For the first time as part of our Air Force Reserve training exercise Redoubt 80, active force organizations conducted a test of their notification and recall procedures for Individual Mobilization Augmentees. Individual augmentees assigned to these organizations were contacted by phone and twenty percent received a mailgram to test our mobilization orders system.

Reservists assigned to Individual Mobilization Augmentee positions maintain full qualification in their Air Force specialties. As a result, these Reservists in fields as diverse as medical, legal, research engineering, maintenance and intelligence are able to assist with the day-to-day mission of their organization while they perform their inactive duty and active duty training. For example, some of the physicians performing physicals or prescribing medication on a typical Air Force base are MAs performing their monthly or annual training. As another example, MAs in the intelligence field are producing standardized critical area intelligence summaries for postulated missions into selected countries. These summaries cover data on geography, population, weather, military capability, and lines of communication. In addition, intelligence MAs support the Airborne Warning and Control System by analyzing Soviet electronic countermeasure systems against the E-3A Sentry aircraft.

We fully expect to attain our FY 1981 programmed average strength of 8,796 MAs in Pay Groups A and B. For FY 1982, we are requesting an average strength of 10,102 which includes 1,000 MAs previously accounted for in Pay Group D in the Individual Ready Reserve but now reflected as being in the Selected Reserve. The total Air Force requirement for approximately 16,300 wartime MA positions is indicative of the importance attached to this program. For the past few years, we have been working toward increased manning of these positions consistent with our ability to recruit.

Concerning overall manning, I mentioned earlier the very favorable manning posture the Air Force Reserve continues to maintain. We started FY 1980 with a strength of 56,661 and ended the year with an on-board strength of 58,921. This was a net gain for the year of 2,260 people or 4.0 percent. I believe this attests to our ability to attract and retain motivated and dedicated young people. The combination of recruiting efforts and our retention program made it possible for us to exceed our programmed end strength. At the same time we increased the quality of our Force as evidenced by the fact that 89 percent of all nonprior service enlistments were high school graduates. This was a two percent increase over FY 79. Our unit commanders at all levels have taken an active recruiting role. With their enthusiasm and hard work, along with the excellent performance of our recruiting force, we will continue to meet our programmed strengths.

AIR FORCE RESERVE
BUDGET OVERVIEW

We finance our programs and force structure in two major appropriations. These are the Reserve Personnel, Air Force Appropriation and the Operation and Maintenance, Air Force Reserve appropriation. The Reserve Personnel appropriation provides for the pay and allowances of reservists during their active and inactive duty training periods; while performing special tours of active duty; and while undergoing school training. The January submission for this appropriation requested $299.5 million for FY 1982, an increase of $21.1 million over the FY 1981 request of $278.4 million. Subsequently, as part of the total Air Force amendment, the FY 1981 request was reduced to $277.4 million and the FY 1982 request was reduced to $298.8 million. This increase of $21.4 million is primarily related to higher strength levels as a result of conversions to more modern weapons systems and the full year impact of FY 1981 conversions many of which occurred late in FY 1981. New missions also increase our requirement with the addition of almost 800 medical personnel, activation of the first Communications Security Unit and the establishment of new enlistment and reenlistment incentive programs. ROTC and Health Professions programs rise by $2.1 million. These factors together with improvements in overall manning levels provide the Air Force with a better equipped, operationally ready Reserve force that can be mobilized immediately. The Operation and Maintenance, Air Force Reserve appropriation provides for the day-to-day operating expenses of Reserve bases and units, including pay of civilian personnel, aviation and ground fuels, depot maintenance, supplies and other operating expenses required to carry out the Reserve mission of maintaining operationally ready units and personnel.

The January submission for this appropriation requested $671.1 million for FY 1982, an increase of $73.4 million over the FY 1981 request of $597.7 million. Subsequently, as part of the total Air Force Amendment, increases in both FY 1981 and FY 1982 have been requested. The FY 1981 request was increased to $604.9 million and the FY 1982 request was increased to $681.0 million, an increase of $76.1 million over FY 1981.

This increase is divided between price growth of $36.9 million, which includes $23.2 million for higher fuel costs, and program growth of $39.2 million. The program growth is primarily the result of a full year's operation of conversions that occurred in FY 1981 plus four additional conversions in FY 1982. These conversions reflect continuing actions to provide more modern equipment in the Air Force Reserve to meet our expanding role within the Total Force policy.

In summary, I fully believe that the combination of dedicated, highly trained personnel, modern equipment and meaningful missions will assure an effective, fully responsive, combat ready force.

This concludes my statement Mr. Chairman. I will be glad to answer any questions the Committee may have.

TABLE I

DEPARTMENT OF THE AIR FORCE

AIR FORCE RESERVE PERSONNEL STRENGTHS

	FY 80 (ACTUAL)		FY 81		FY 82		FY 83	
	END	AVERAGE	END	AVERAGE	END	AVERAGE	END	AVERAGE
FLYING UNITS	32,947	32,143	33,697	33,602	35,033	34,469	35,256	34,832
MISSION SUPPORT UNITS	15,513	15,127	15,677	15,585	16,487	16,056	17,388	17,133
INDIVIDUALS*	8,578	8,550	9,040	8,796	10,102(1)	10,102(1)	10,392(1)	10,392(1)
STATUTORY TOURS	130	133	168	168	171	171	171	171
RECRUITERS	267	262	301	301	301	301	301	301
ART TEST	145	85	229	136	229	229	229	229
NON-PRIOR SERVICE ENLISTED PROGRAM	973	769	1,270	1,000	1,270	1,100	1,625	1,470
NON-PRIOR SERVICE ENLISTED PERSONNEL AWAITING TRAINING WITH PAY	367	348	372	372	372	372	372	372
SELECTED RESERVE	58,921	57,417	60,754	59,960	63,965	62,800	65,734	64,900

*(1) Includes 1,000 category "D" personnel (2 weeks training only) effective FY 1982.

TABLE II

DEPARTMENT OF THE AIR FORCE

AIR FORCE RESERVE STRUCTURE, FLYING UNITS

	END OF FISCAL YEAR		
	1980	1981	1982
EQUIPPED UNITS			
C-130 Tactical Airlift	11	12	13
C-123 Tactical Airlift	4	3	1
C-7 Tactical Airlift	2	2	2
Aerospace Rescue & Recovery	4	4	4
WC-130 Air Weather Service	1	1	1
CH-3 Special Operations Force	1	1	1
AC-130 Special Operations Force	1	1	1
KC-135 Strategic Refueling Tanker	3	3	3
A-37 Tactical Fighter	4	1	0
F-4 Tactical Fighter	1	3	5
F-105 Tactical Fighter	3	2	1
A-10 Tactical Fighter	0	2	3
Total Equipped Units	35	35	35
ASSOCIATE UNITS			
C-141 Strategic Airlift	13	13	13
C-5 Strategic Airlift	4	4	4
C-9 Aeromedical Evacuation	1	1	1
KC-10A Tanker Cargo	0	1	1
Total Associate Units	18	19	19
TOTAL UNITS	53	54	54

TABLE III

DEPARTMENT OF THE AIR FORCE

AIR FORCE RESERVE STRUCTURE, MISSION SUPPORT UNITS

	END OF FISCAL YEAR		
	1980	1981	1982
Combat Logistics Support Squadrons	6	6	6
Aeromedical Evacuation Squadrons/Flights	21	21	21
Medical Service Units	13	13	15
Aerial Port Squadrons	49	49	49
Civil Engineering Squadrons/Flight	35	35	35
Civil Engineering Squardron (Heavy Repair)	1	1	1
Communications Security Squadrons	0	0	1
Numbered Air Forces (Reserve)	3	3	3
TOTAL	128	128	131

OPERATIONALLY READY UNITS

General BODYCOMBE. In the 1980's the Air Force Reserve will continue to develop, train, and maintain operationally ready units and individuals that are immediately available whenever and wherever needed. An important byproduct of our training is the accomplishment of actual Air Force missions worldwide. For example during last year, Reserve aircraft and crews airlifted 4,100 tons of cargo, flew 77,500 passengers, and air dropped nearly 20,000 troops as part of their normal training missions.

ACCOMPLISHMENTS OF AIR FORCE RESERVE

We also continued our critical C–130 activity in Central and South America, flying out of Howard Air Force Base in the Republic of Panama, a mission which we share with the Air National Guard.

Reservists also provided outstanding humanitarian support last year assisting in such projects as fighting forest fires in California, air dropping supplies to flood-stranded people and livestock in Arizona and tracking hurricanes in the Caribbean and the Gulf of Mexico. Air Force Reserve rescue and recovery units flew 101 search and rescue missions, logging 615 hours, and were officially credited with saving 116 lives.

Especially noteworthy in these figures, the 304th Air Rescue and Recovery Squadron in Portland was credited with 75 saves, 61 during the Mount St. Helens disaster. Additionally, the 302d Special Operations Squadron at Luke saved 5 lives during the Arizona flooding and more recently were credited with 17 lives during the MGM Grand Hotel fire in Las Vegas, Nev.

I am very proud of these accomplishments, especially since they were in conjunction with meaningful training which is the key to improved readiness.

Surely readiness is the best indicator of performance. The events I have just described are real-world proof of our readiness. In addition, our redoubt exercise 80, the annual readiness exercise of our command, was an outstanding success. This marks the fourth consecutive year we have tested our capability to mobilize forces to meet a simulated contingency. Each year the size, scope, and complexity of our operation has increased to more accurately measure the Air Force Reserve's capability to respond.

We again tested notification of personnel and recall of units, mobilization procedures, deployments to forward operating locations, employment and redeployment to home stations. At a time of increased national concern about the capability of our U.S. military forces, it is only appropriate and very necessary that the Air Force Reserve continue to put itself through mobilization exercises like Exercise Redoubt.

Redoubt 80 clearly demonstrated that the Air Force Reserve is prepared and capable of responding to the Nation's defense needs. In short, we proved that the Air Force Reserve is ready.

Another indication of readiness is our people, both in numerical strength and in their attitudes. I have continued my active field visitation program where I go to our units, and I consider this to be one of our most useful management tools. I take members of my

staff and go out on weekends when Reservists are working and observe them and talk with them. It allows us to see and hear firsthand of their accomplishments and their problems. Then we come back to Washington and to Robins Air Force Base in Georgia and work any problems that surface and apply the information we have gathered. More importantly, it allows me to access the attitude and morale of our people which I can testify is excellent.

RESERVE MANNING

Due to the attitude and efforts of our people we have been able to maintain a very favorable manning posture. The Air Force Reserve attained an end strength of 58,921 in fiscal year 1980 which exceeded its programed end strength of 58,219. This accomplishment was made possible only through the dedicated effort of all our Reserve members.

In fiscal year 1981 the Congress has approved an average strength of 58,800. However funds were added in the appropriations bill to increase this level to 59,960. In both fiscal years 1981 and 1982, end strengths are programed at 98 percent of unit authorizations. These strengths will enable the Air Force Reserve to support our mission and provide a ready and well trained nucleus to meet the wartime requirement.

EQUIPMENT REPLACEMENT

In addition to attracting and retaining good people, we are moving forward in replacement of our older equipment. We are experiencing significant equipment modernization in 1981, and this trend will continue in 1982. Our fiscal year 1982 budget includes a program to activate our third A–10 tactical fighter squadron and gain two additional F–4 tactical fighter squadrons, enabling the phaseout of older and less capable fighter aircraft. We will also be converting one C–123 tactical airlift squadron to C–130A aircraft. However beyond fiscal year 1982, we will still possess three squadrons of very old, piston-powered C–123 and C–7 aircraft that need to be modernized.

COMBAT READINESS OF FLYING UNITS

In March 1981 all of our equipped flying units were combat ready with the exception of the two that are converting to newer aircraft. All six of our associate strategic airlift wings were combat ready. Additionally, each of our three KC–135 squadrons remains combat ready. These squadrons incidentally form the 452d Air Refueling Wing, which last year was awarded the prestigious Spaatz trophy for operational excellence.

In summary, sir, I am very pleased to give you this positive report. I believe the Air Force Reserve is fully completing its peacetime mission and is ready to accomplish its wartime role.

TERMINATION OF TECHNICIAN MILITARIZATION TEST

Before closing though, surely I would be remiss if I failed to mention the technician militarization test. As directed by the 96th Congress, we terminated our technician test on June 30, 1980.

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During the test which began in September 1979, we filled 140 of 229 spaces that we were asked to convert, 61 percent. We were able to fill only 92 of 165 wage board positions and 48 of 64 general schedule positions.

The Air Force Reserve considers the test to have been a failure. We were not able to attract sufficient numbers of personnel in a full-time military status, especially in the highly technical aircraft maintenance specialties which are critical to the combat readiness of our flying units. The test also impaired our technician recruiting and retention efforts because of the aura of uncertainty about the future of our technician program which was created by the test. As a result, the day-to-day management and operation of the Air Force Reserve unit program has been strained and needs time to recover.

As indicated in the previous testimony, the Air Force Reserve is strongly opposed to any militarization of the technician force. We have reviewed and fully concur with the conclusion and recommendation of the Department of Defense report which has been submitted to Congress on this test. Should Congress agree to these recommendations and withdraw the Air Force Reserve from further participation, appropriate language would have to be included to increase our current civilian strength to accommodate the restoration of the 229 Air Reserve technician authorizations in place of military authorization. As the DOD report stated, without this action we would end up with neither military nor civilian spaces which would seriously impact our readiness.

Thank you, sir, for the opportunity to be here this morning. I will be glad to respond to questions.

Senator STEVENS. Thank you, General Bodycombe.

AIR NATIONAL GUARD

STATEMENT OF MAJ. GEN. JOHN B. CONAWAY, DIRECTOR, AIR NATIONAL GUARD, UNITED STATES AIR FORCE

PREPARED STATEMENT

Senator STEVENS. General Conaway, do you have a statement?

General CONAWAY. Yes, sir. I have a statement I would like to submit and very short remarks to make on the status of the Air National Guard.

[The statement follows:]

PREPARED STATEMENT OF MAJ. GEN. JOHN B. CONAWAY

DIRECTOR, AIR NATIONAL GUARD

OVERVIEW

It is now my pleasure to once again report to you on the current posture of the Air National Guard.

The Air Guard is at its highest readiness level in history, rapidly approaching a manning level of 100,000 men and women, military and civilians, and deeply committed to performance of both a Federal and State mission.

The Federal mission is to provide combat ready units whenever required by the Air Force and to perform peacetime missions as a by-product of training.

The State mission is to protect life and property during natural disasters, and to preserve peace, order, and public safety during periods of civil unrest.

It can be categorically stated that the Air Guard is manned and ready to carry out this dual mission.

Currently, 98 percent of Air Guard flying units, not undergoing conversion, are combat ready. Such units are projected to be 99 percent combat ready at the end of FY 81 and 100 percent at the end of FY 82. Military manning is currently at 97,532 and is projected at 98,083 and 99,100 by the end of FY 81 and FY 82, respectively, in the FY 82 Amended President's Budget. The Air Guard flys more than 1,500 aircraft in a variety of demanding missions ranging from Air Defense and Tactical Fighter to Strategic Air Refueling and Airlift. We participate as full partners with the active Air Force and the Air Force Reserve in carrying out these missions assigned by our civilian leadership.

Under our State mission the Air Guard continues to provide support to the State Governors. During FY 80, the ANG was utilized 28 times on State active duty by the Governors for approximately 6,000 workdays and another 96 times for approximately 800 workdays in support of the National Search and Rescue Service and the National Forest Service. The types of missions performed by the Air Guard were flying support for forest fires, search and rescue, snow emergencies, earthquakes, floods, tornadoes, hurricanes, support of civil authorities in firemen strikes, civil disturbances, traffic control, explosive ordnance disposal, volcanic eruptions, and to provide emergency power and communications.

The Air Guard is proud of its combat readiness, recent accomplishments, and genuine role in today's total Air Force. We have had our problems, as evidenced by the recent terrorist incident in Puerto Rico which cost us valuable aircraft. We are working with the Air Force to reallocate aircraft to bring the unit back on line under enhanced security procedures.

I appreciate the past support of this committee and the Congress as a whole. With your continued support, the Air Guard will remain a key member of the Nation's Defense Team, ready to go when called upon.

POSTURE

FLYING UNITS

Air National Guard flying units are organized into 24 wings, 67 groups and 91 flying squadrons with more than 1,500 assigned aircraft. The continued strong support of the active Air Force is permitting us to replace older, less capable aircraft with more modern and sophisticated weapon systems. New production A-10's and C-130H's are continuing to be assigned directly to the Air National Guard inventory. The A-7K two-place trainer has also been procured directly for the Air National Guard. During the first quarter of FY 81, phase-out of our last C-7 unit was completed—converting to the C-130B aircraft, and the phase-out of the 0-2's continued. The 0-2 Forward Air Control aircraft are being replaced by

the OA-37 jet aircraft. In the second quarter of FY 81, the retirement of our F-101 interceptors began. The F-101 is being replaced with F-4's in the interceptor role. In the third and fourth quarters of FY 81, retirement of the aging F-105 continues--units will convert to the more modern F-4. Also, in the fourth quarter of FY 81, an additional 0-2 unit converts to the OA-37. In line with congressional direction, one A-10 unit and five A-7 units are programed to increase their Primary Aircraft Authorization (PAA) from 18 to 24 aircraft in FY 81 and our F-4 Replacement Training Unit will receive its full complement of 36 aircraft.

In FY 82, the Air National Guard will complete the retirement of the F-101 interceptors, converting the last two units to F-4's in the third and fourth quarters. The EB-57 unit will convert to the F-4 and an additional F-105 unit will convert to A-7's. In the first quarter, one OA-37 unit will transition to A-10's, one C-130E unit will upgrade to C-130H's, and one C-130A unit will upgrade to C-130E's.

As a result of these concerted modernization efforts, Air National Guard flying units comprise a substantial amount of total Air Force combat capability and will fulfill a large portion of force commitment during serious crises. In FY 82, the Air National Guard will possess 65 percent of the total Air Force Air Defense Interceptor forces; 57 percent of Tactical Reconnaisance forces; 30 percent of Tactical Airlift forces; 27 percent of Tactical Fighter forces; 17 percent of the Aerial Refueling forces, 14 percent of the Rescue and Recovery forces; 42 percent of Electronic Combat forces; and 36 percent of Tactical Air Control forces. In addition, five flying units are active members of the newly constituted Rapid Deployment Force (RDF).

NON-FLYING UNITS

Equally important to the success of the Air National Guard mission are our non-flying units. There are 235 independent units heavily concentrated in the areas of combat communications, weather, tactical control, and electronic installation.

The combat communications units are equipped and manned to support a Tactical Air Control System (TACS), to provide specific communications service to the forward commanders and to provide restoral service to the Defense Communications System. They are also equipped to provide terminal air traffic control facilities and services. The service and facilities available include teletype, telephone, data transmission systems, control tower, and ground control approach systems. All combat communications units are designated in the war mobilization plan and some units are specifically tasked to support unified command war plans. Of particular interest is the fact that five combat communications units are also members of the RDF. During Exercise Bright Star 81, Air National Guard units provided 100 percent of the total Air Force combat communications.

Most of our weather flights have a wartime tasking to support Army Guard and Reserve units. We do have two weather flights wartime tasked to support the Air Force Tactical Weather System.

Our tactical control units operate control and reporting centers in addition to providing forward air control posts. All units have wartime taskings and very early deployment schedules. Most of these units now operate the TPS-43E Radar. The remaining units will receive this new radar in late 82 when deliveries from FY 81 procurement begin. Tactical control units train at home stations by controlling active and Air National Guard fighter aircraft and by system-wide simulated exercises. A limited number of units also participate in large scale live exercises each year.

Our electronic installation squadrons (EIS) are equipped and trained to engineer, install, relocate, remove, restore, and accomplish on-site depot level maintenance on radars, antennas, cable plants, radios, and teletype and communications centers. They maintain proficiency by augmenting the Air Force EIS on Communications-Electronics-Meteorological (CEM) facility requirements worldwide. They provide the Air Force with a highly trained CEM engineering, installa-

tion and maintenance force capable of immediate response to contingency requirements. In FY 80, they provided approximately 56,000 training work-days to the Air Force by accomplishing engineering and installation work as training projects. Comparable levels of support are anticipated in FY 81 and FY 82. The first Air National Guard EIS unit deployed to Europe in August 1980 and performed under simulated wartime conditions. The exercise was a complete success and the Air Force has planned a similar exercise in FY 81.

Like their flying unit counterparts, our nonflying units contribute heavily to total Air Force combat capability. In FY 82, the Air National Guard will possess 70 percent of the total Air Force Combat Communications forces; 50 percent of the Tactical Control forces; 55 percent of the Electronic Installation forces and 12 percent of the Weather forces (reporting and forecasting).

REALISTIC TRAINING

I have discussed some of the contributions the Air National Guard makes to the Air Force as a by-product of training. This realistic training is best embodied through our participation as full partners with other components in JCS and USAF training exercises. Our increased overseas deployments, where we have temporarily moved entire flying units along with ground support personnel, as well as civil engineering and communications units, have furnished us with valuable and realistic training. The 150th Tactical Fighter Group (TFG) of the New Mexico Air National Guard, equipped with A-7D's was selected by Tactical Air Command to provide the tactical air support for the first overseas deployment of the U.S. Rapid Deployment Force, exercise Bright Star. Eight A-7D's flew non-stop from Pease AFB, NH to Cairo West Air Base, Egypt. Two and one-half hours after landing, six A-7's took off for an operational mission. Such a degree of operational readiness demonstrates that the Air National Guard, when equipped with modern long-range tactical aircraft, is a full Total Force partner and in the front-line of our defense forces. In addition, a broad range of active USAF missions is being performed daily by the Air National Guard. These missions include KC-135 strategic refueling, C-130 tactical airlift, HC-130 and HH-3 aerospace rescue and recovery, F-106, F-4, and F-101 air defense alert, and C-130/A-7 rotation to Panama.

I am proud to report to this Committee that combat readiness and capability to perform the wartime mission of the Air National Guard was again successfully demonstrated in 1980 by Air National Guard units during Air Force Operational Readiness Inspections (ORI's). These inspections were conducted under realistic conditions and the majority of Air National Guard units receive ORI's at a deployed location, rather than simulating a move, which enhances their ability to deploy. Since the inception of the realistic scenario in 1976, covering every aspect of the wartime mission, Air National Guard units have materially enhanced their readiness.

MANPOWER

The Air National Guard achieved an end strength of 96,283 in FY 80. This is the highest strength level ever achieved by the Air National Guard, and it exceeded the programed strength of 94,000 by 2,283.

For FY 81, the Air National Guard has a revised program of 94,876 drill strength and 3,207 full-time active duty Guardsmen for an end strength of 98,083 with an average strength of 97,091. In the FY 82 Amended President's Budget we have programed 95,788 drill strength and 3,312 full-time for a total end strength of 99,100 and an average of 98,600. This would support approximately 98 percent of the projected wartime requirement.

While the FY 80 overall manning was above the programed levels, many critical skills are still manned well below an acceptable level. The Air National Guard is still experiencing difficulty in securing non-prior and prior service personnel in certain career fields such as munitions, security, avionic sensor systems, and ground radio operations. We have expanded our enlistment incentive program in FY 81 and FY 82 to address this problem. We fully expect to achieve our strength goals in each fiscal year and anticipate improved manning in critical skill

areas.

The retention rate fell slightly during FY 80, from 64.8 percent in FY 79 to 61.4 percent in FY 80. Ninety-six retention NCO's have been approved for FY 81 and this will enable the Air National Guard to increase retention. The incentive programs and the recruiting and retention programs will enable the Air National Guard to direct its efforts to critical skill manning, nonprior and prior service mix of the force, and the recruiting of minorities and women, with emphasis on maintaining high enlistment standards. During FY 80, 91.5 percent of our non-prior service enlistees were either high school graduates or had obtained a General Equivalency Diploma (GED) certificate and all were in the top three mental categories.

As a result of studies within the Department of Defense, the Congress recommended a program to test our ability to attract and hire personnel in an active military status in lieu of full-time technician manning. The Air National Guard filled 437 positions with Guardsmen volunteering for full-time military duty in FY 79 against a projected end strength of 364. The test was expanded during FY 80 with 746 positions filled by Air National Guard personnel on full-time military duty by 1 July 1980. As directed by Congress, the test portion ended 1 July 1980 for 6 months of study and evaluation. However, in accordance with an earlier decision by the Office of the Secretary of Defense, additional technician positions have been programed to be occupied by Guardsmen on full-time military duty and approximately 1,650 such positions are programed to be filled by the end of FY 81. Further expansion in FY 82 has not been programed.

In addition to expansion of the test, other positions that are programed to be manned with full-time military personnel will bring full-time military manning to 3,207 by the end of FY 81 and 3,312 by the end of FY 82.

The Air Force success in modernizing Air National Guard units and missions during the past decade is impressive; however, the introduction of more capable equipment continues to increase our full-time manning requirements. These requirements are met through a combination of Air National Guard military technicians, full-time active duty Air National Guard personnel, and other competitive civilians. We have not been successful in fully manning the increased requirements. The cumulative result of our past inability to program above the Air National Guard share of the statutory ceiling of National Guard military technicians, application of the Presidential hiring limitation to the National Guard technician force, and the delay incurred while awaiting OSD and congressional guidance on the results of the technician conversion test have resulted in low full-time manning levels.

The recently rescinded hiring freeze, together with the congressional restrictions relating to the technician conversion test program, has had a disastrous impact. In fact, because of management actions necessitated by these restrictions, the Air National Guard projected that by the end of March 1981 some units would decline to only 78 percent of full-time support manning requirements. In some units the loss of just one or more mobilization resource, who is also a National Guard technician (aircrew, maintenance, etc.), could cause an Air National Guard unit to drop from a combat ready to a non-combat ready status.

The National Guard technician is a unique asset to the Department of Defense and needs to be recognized as such. The technician program is probably the single most important factor in the high readiness levels prevailing in the Air National Guard.

BUDGET OVERVIEW

OPERATION AND MAINTENANCE FINANCIAL REQUIREMENTS

The Air National Guard's FY 1982 Operation and Maintenance request is $1,686.5 million. This is an increase of $144.5 million over the FY 1981 level of $1,542.0 million, which includes a proposed supplemental of $123.4 million. Increases in the Operation and Maintenance Appropriation are required to support the Air National Guard's readiness and training requirements as weapons system modernization continues in FY 1982. I will

briefly cover the major changes within programs of the appropriation.

- Operation of Aircraft

The Operation of Aircraft Program covers the purchase of aviation fuel which will cost $574.7 million in FY 1982, an increase of $74.2 million over FY 1981. Of this increase, $12.7 million is required for the full year impact of aircraft conversions occurring in FY 1981 and those occurring in FY 1982, and the remaining $61.5 million increase is caused by price changes.

- Logistical Support

The Logistical Support Program includes airframe repair, engine overhaul, and repair of major components. Total FY 1982 requirements are 242.4 million, an increase of $31.7 million over FY 1981. Of this increase, $21.0 million is primarily the result of conversions and increased flying hours which generate higher aircraft and engine maintenance or modification requirements. Price increases in FY 1982 cause a $10.7 million increase.

- Training Support

The Training Support Program covers base and unit operation and maintenance. This includes pay of military air technicians and civilians, base operation and maintenance agreements, travel and transportation, rentals and services, supplies, equipment, recruiting and advertising, medical support, security support, exercise and deployment support, major repair and minor construction. The total program requirement is $865.9 million, an increase of $38.5 million over FY 1981.

We are requesting $569.3 million to support 21,661 military air technician work years and 1,486 Department of the Air Force civilian work years. This represents a $4.5 million net increase.

Purchased utilities, services, supplies, and equipment requirements for FY 1982 increased by $21.8 million over FY 1981 of which $14.2 million is due to higher prices. Annualization of FY 1981 force changes and the impact of FY 1982 force changes cause an increase of $6.5 million for supplies.

Major repair and minor construction increases by $2.2 million. Of this amount, $1.9 million is required to support Rickenbacker and Otis ANG Base Support Operations.

Other increases in travel, transportation, rentals, communication, recruiting and advertising, amount to $10.0 million, and represent resources necessary to support programed training and Air National Guard conversions to more modern equipment.

- Servicewide Support

The Servicewide Support Program of $3.5 million includes command administration costs. No program increases are anticipated in FY 1982.

MILITARY PERSONNEL FINANCIAL REQUIREMENTS

The Air National Guard's FY 1982 military personnel program is $418.2 million. This is an increase of $31.0 million over FY 1981, which includes a proposed supplemental of $34.4 million for the October 1980 military pay raise, a transfer of $1.0 million from Operation and Maintenance, Air National Guard and a $10.6 million program supplemental. I would like to summarize the more significant elements of the program and the associated costs.

- Pay Group A

Pay Group A covers inactive duty for training and 15 days active duty annual training per year for officer and enlisted personnel of the Air National Guard. The FY 1982 program is $249.4 million, $4.7 million more than the FY 1981 program. The difference results from price increases of $1.8 million and program changes which net $2.9 million. Program changes include a travel increase of $.6 million to support programed requirements, $2.1 million for additional manning for modernization and enhancement of ANG weapon

systems, additional aeromedical evacuation crews and air base ground defense flights, and $.8 million for other increases. These increases are partially offset by decreases of $.3 million for subdued rank (initial buy) and $.3 million for clothing associated with fewer prior service enlistments required during FY 1982.

- Pay Group F

The FY 1982 program of $23.3 million in Pay Group F covers nonprior service enlisted personnel receiving basic training and follow-on training at Air Force technical schools or on-the-job training at home station. The FY 1982 program calls for 5,612 trainees which is a slight decrease over the FY 1981 program of 5,631. An increase in FY 1982 of $.5 million is for price increases for clothing, travel, and subsistence.

- Pay Group P

Pay Group P covers up to 6 months pay for unit training assemblies for high school graduates and seniors awaiting entry into basic training. A decrease of $.1 million in FY 1982 is due to a decrease of 126 in the Pay Group P drill strength.

- School Training

The School Training budget activity covers formal school training which include refresher/proficiency, initial skill, undergraduate pilot and navigator, professional military education, and conversion/modernization training. In FY 1982, 7,904 officers and airmen are programed for school training at a total cost of $27.0 million. This is an increase of 826 above the FY 1981 program. Overall, this program increases by $4.7 million in FY 1982. Refresher and proficiency training is increased by $1.9 million; undergraduate pilot and navigator training increased $1.8 million; travel to support programed requirements is $.4 million; price increases account for $.3 million and other increases are $.3 million.

- Special Training

The Special Training budget request of $36.8 million covers training and active force support which is not contained in other programs. It includes aerospace defense alert, JCS exercises, disaster preparedness training, aircraft conversions, and other special training necessary to improve readiness. Overall, this program increases by $.7 million in FY 1982. Travel to support programed requirements is increased by $.8 million and other increases of $.2 million are due primarily to price growth. These increases are partially offset by decreases of $.3 million due to one time requirements (Bright Star and Puerto Rico security).

- Administration and Support

The Administration and Support budget activity covers pay and allowances for Air National Guard personnel on statutory active duty tours and active duty tours in excess of 179 days. It also includes disability pay, death gratuities for survivors' benefits, and payments of enlistment bonuses, reenlistment bonuses, educational assistance to selected enlisted members, selective affiliation bonuses and student loan repayments. The FY 1982 program of $80.5 million is an increase of $20.5 million resulting from expansion of the Military Full-Time Training and Administration program, $9.7 million; an increase in security forces in direct support of active force alert requirements, $5.4 million; expansion of the enlistment and reenlistment bonus program $1.1 million; other full-time active duty strength changes $3.9 million; and other adjustments $.4 million.

SUMMARY

The National Guard has proven to be an integral part of the Total Force and exists to support the U.S. foreign policy and national security objectives and to provide a State militia uniquely qualified for missions within the United States. Our responsibilities are now global, national and local, and each offers its own set of challenges for the future.

The National Guard is ready to meet these challenges. The capability of our citizen airmen to respond to the most demanding wartime missions is a matter of

record. We appreciate the continuing strong support of the Congress in both funding and enabling legislation. That support has permitted the National Guard to continue modernization and to make significant progress toward combat and mobilization readiness. We look forward to even further improvement in the years ahead.

INTRODUCTION OF ASSOCIATE

General CONAWAY. First of all, sir, I would be remiss if I did not mention that your great State of Alaska is the home of the Senior Adjutant General of the Air National Guard system, Maj. Gen. Nick Necrasen. He retired from the Air Force as a major general and is now an adjutant general and has been in Alaska for 12 or 13 years. He is doing a super job for the Army and Air National Guard up there.

The 176th Tactical Airlift Group is also performing very well. They recently received an outstanding recent standardization evaluation inspection by the Military Airlift Command, and we are very proud of that unit.

STATE OF AIR NATIONAL GUARD

Sir, the state of the overall Air National Guard is very good. And with your help we intend to continue to progress toward our goals of 100 percent wartime manning and full combat readiness. Currently the Air National Guard is approaching a manning level of 100,000 men and women deeply committed to the performance of both Federal and State missions. As you know, our Federal mission is to provide combat ready units whenever required by the Air Force to perform peacetime missions as a byproduct of training, while our State mission is to protect life and property during national disasters and to provide peace and public safety during periods of civil unrest.

The Air National Guard was over 95 percent combat ready as of the end of April with all of our units capable of mobilizing within 24 hours and deployable in less than 72 hours. We have six units that are very early deployed rapid reactor units, and we have five major flying units and five nonflying combat ready units in the rapid deployment joint task force.

The Air National Guard in November of 1980 was the first Guard or Reserve unit to participate in the RDJTF exercise, and we participated in Bright Star 81 in Cairo West, Egypt. The New Mexico Air National Guard deployed eight A-7D's nonstop from the East Coast to Egypt, and Alabama and South Carolina communications units provided the communications for this exercise.

We receive strong support from the Air Force in modernizing our force, and we are treated as full partners in carrying out Air Force missions and policies. Total force is not just a slogan in the Air Force. It is a fact of life.

RANGE OF AIR NATIONAL GUARD MISSIONS

We are assigned a broad range of active Air Force missions that go beyond the pure range of training. These missions include KC-135 strategic refueling; C-130 tactical airlift; HC-130 and HH-3 rescue and recovery; F-106, F-4 and F-101 air defense alert at 13 locations increasing to 16 locations in fiscal 1982, and C-130/A-7 rotational support to Panama. Certainly we obtain valuable training during these missions.

The biggest change probably in the Air National Guard from the 1960's to the 1980's is that today the missions assigned to us by the Air Force are missions that are global in nature and not just

within the States. We do fly State missions, but we are federally trained to be mobilized, but we are performing a day-to-day role.

We have 91 major flying units in the Air National Guard with more than 1,600 aircraft in our inventory. We also have almost 4,000 pilots and 1,300 navigators who are combat ready. New production A-10's, C-130H's and A-7's are continuing to be assigned directly to the Air National Guard. We have begun to replace our aging F-101 interceptors with F-4's. We are converting our F-105's to F-4's and A-7's. Also this fiscal year, 6 of our A-10 and A-7 units are programed to receive 6 additional aircraft and our F-4 replacement training unit in Wichita, Kans., will receive its full complement of 36 aircraft.

AIR NATIONAL GUARD MANNING

Our overall wartime authorizations are 101,000 personnel. In fiscal year 1980 we achieved an end strength of 96,283, the highest level in history, and more than 2,000 over programed end strength. Based upon that success, we have revised our projected fiscal year 1981 end strength upward from 95,844 to 98,083, an increase of 1,800 over fiscal year 1980. Our programed end strength for the fiscal year 1982 amended budget is 99,100 which supports approximately 98 percent of our projected wartime requirements.

While we have been successful in overall manning, we do continue to have problems in manning the critical skills within the units. We have been vigorously addressing this problem with the Air Force. Our bonus incentive program for fiscal year 1981 and 1982 will help us considerably in reducing our critical skill shortages during the next 18 months.

The day-to-day training and a portion of the mission requirements of the Air National Guard are performed by our military air technicians and full-time Guardsmen on active duty. We have recently completed the congressional-directed test of converting air technician positions to full-time military, and we were successful in meeting the programed strength.

AIR TECHNICIAN PROGRAM

While we consider the air technician program to be an important factor in the high readiness levels of the Air National Guard, there are certain functions which can be more suited to military management. The Air National Guard supports the Air Force and Department of Defense position that the technician program should not be converted to a full-time military program, but that the mix of technicians and military should be determined by each of the components as a part of the normal programing and budgeting cycle. We would like to continue to be able to execute the program as it has been approved.

The fiscal year 1982 budget request for the National Guard Personnel, Air Force appropriation is $418.2 million, an increase of $31 million over fiscal 1981. Price growth is $3 million and program growth is $28 million. Most of the program growth supports fiscal year 1981 strength gains accompanied by other increases for undergraduate pilot training and undergraduate navigator training au-

thorization increases, Nunn-Warner pay items and pressure proficiency training associated with the strength gains.

In summary, sir, the Air National Guard is proud of its combat readiness and role in today's Air Force. We appreciate the support of this committee and look forward to even greater challenges that will face us.

Thank you.

Senator STEVENS. Thank you.

GENERAL QUESTIONING—PAY INCREASE

Mr. Meis, we got a pay increase last year of 11.7 percent?

Mr. MEIS. Yes, sir.

Senator STEVENS. And we have one coming in July of 5.3 percent?

Mr. MEIS. That is what we have asked for.

Senator STEVENS. And you are projecting what, 9.1 percent?

Mr. MEIS. Yes, 9.1 effective October 1.

Senator STEVENS. So that you have 26.1 percent increase a year in uniformed personnel. What comparable increase have you had on the civilian side?

Mr. MEIS. Of course the civilians have also been experiencing the same pay caps, if you wish, that we have had in the military. The total percentage over that period lagged.

Senator STEVENS. Then we have 9.1, and we have just capped civilians at 4.8 for this year. So you are going to have almost twice the increase in uniformed service pay raises in a year as you have in civilian.

What is the impact of that on your civilian personnel?

Mr. MEIS. Obviously there is some concern. But as we view it here, we are talking about a military force, a military force under an all volunteer environment.

CIVILIAN PERSONNEL IN AIR FORCE

Senator STEVENS. How many civilians do you have now in the Air Force?

Mr. MEIS. About 247,000 I believe.

Senator STEVENS. Have you had any exodus of civilians during the period that the military pay has increased and theirs has not?

Mr. MEIS. I do not know that I can quantify it, but the answer to that is yes. I know there have been some people that have probably retired earlier than they would have had it not been for the pay caps or the compression. I am sure it has had an impact on our recruiting to attract the people we need, particularly in critical skills.

CONVERSION OF MILITARY POSITIONS

Senator STEVENS. Are you shifting some of these positions from civilian back to military so they can take advantage of the military pay increase?

Mr. MEIS. No, sir. We are actually going in the other direction. As you know in the Air Force we have a continuous evaluation going on to determine what positions in the military are nonmilitary essential that could in fact be accommodated by employing

civilians. So we are really headed in that direction more than we are the other.

Senator STEVENS. How many conversions in that direction would you fund in the 1982 budget?

General USHER. About 3,800.

Senator STEVENS. What are those positions? What type of positions are you talking about?

Mr. MEIS. We are talking nonmilitary essential. That would be largely in the base operating support such as communications, administrator, custodial, transportation, functions of that nature.

ADDITIONAL RECRUITMENT SQUADRONS

Senator STEVENS. Tell me about these new squadrons that you are going to add this year, these recruitment squadrons. How much is involved in this program?

General USHER. In fiscal year 1981 we are in the process of adding three squadrons. They were authorized in fiscal year 1981 and we're building up to full strength. We are not actually adding any new squadrons per se in the fiscal year 1982 program, although we are adding some additional recruiters, a total of 760 people for direct support for the active force. We are also adding 25 trainers so each of our squadrons have one. Then we are also adding some civilian support staff to the three squadrons that we previously activated.

All of the increase in 60 production recruiters is a reflection on the fact that our nonprior service and our prior service recruiting is increasing substantially for fiscal year 1982 on up to over 86,000. This is sort of a direct correlation with that increase in recruiting requirements.

SUBMITTED QUESTIONS

Senator STEVENS. I have some technical questions about that and we will submit them to you.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR STEVENS

COST GROWTH AND INFLATION DEVOTED TO RECRUITMENT

Senator Stevens: $120.8 million of the FY 82 Air Force budget is devoted to recruitment, $10.1 million more than that for FY 81. Of this $10.1 million difference, $4 million is for inflation and $6.1 million is for program growth. In what way was the $4 million for inflation determined?

ANSWER: Due to repricing, the $10.1 million increase between FY 1981 and FY 1982 includes $6.1 million for inflation (vs $4.0 million) and $4.0 million for program growth (vs $6.1 million).

The $6.1 million for inflation includes (1) $2.2 million for the annualization of military pay for the three recruiting squadrons that are being reactivated in FY 1981; (2) $3.9 million for recruiting and advertising items funded from the operation and maintenance appropriation using the standard OSD inflation factors of about 8%. The only exception was GSA vehicle rental costs where 14% was used. GSA rental rates are significantly influenced by fuel cost. All recruiting vehicles are leased from GSA.

ADDITIONAL RECRUITER SQUADRONS

Senator Stevens: Of the $6.1 million program growth, $2.9 million will support critical skill enlistment bonuses and increased accessions, while $3.2 million will support three recruiter squadrons to be reactivated at the end of this fiscal year. These squadrons, however, will complement 32 recruitment squadrons already being used by the Air Force. Despite the 6,650 strength increase expected for FY 82, can the Air Force justify these additional recruitment squadrons, given the success of Air Force recruitment to date?

ANSWER: We can't do without them. The three squadrons have been the key to our success this year (last squadron activated this month), and they are vital to our future success.

Between 1974 and 1976, the number of squadrons was reduced from 45 to 32. The cut severely strained our supervisory capability--even the GAO identified our supervisory span of control as too large and recommended an increase in our supervisor to recruiter ratio. Between 1976 - 1980, with 32 squadrons, the Air Force averaged 72,111 enlistments per year. In FY 1979 we fell short of our goal. Recruit quality declined in terms of high school diploma graduates (89% to 83%) and those scoring in the top two mental categories (51% to 39%). Officer Training School (OTS) objectives averaged 2,574. We were unable to recruit, by over half, the engineers we needed and we are now short 1,100 engineers. Similarly, we are short 100 physician specialists.

Between FY 1981 - 1986, we will average at least 85,650 enlistments per year (19% increase) and OTS objectives will climb to 3,700 (45% increase). Further, the kinds of people we need will be more difficult to recruit than in the past, the eligible youth market gets smaller, and competition with industry and academia increases. Requirements continue for physicians and grow for prior service enlistments, engineers and scientific officers, all very difficult to recruit due to high civilian demand.

In sum, the squadrons increase by 9% (32 to 35), while the average annual workload increases 20% (74,700 to 89,350). At the same time, the kinds of people needed will be more difficult to recruit. We must keep the new squadrons or fail to recruit the personnel we need.

FUNDING FOR ADDITIONAL RECRUITMENT SQUADRONS

Senator Stevens: Is the amount of funding for these squadrons versus that for increased accessions and critical skills not disproportionate?

ANSWER: No. The three squadrons were activated during FY 1981 and hence were not costed for a full year. The FY 1982 funding increase just reflects a full year's costing. The funding for critical skills reflects increased FY 1982 requirements (more non-prior service and prior service enlistments, pilots, navigators, engineers and scientific officers).

CATEGORY IV PERSONNEL

Senator Stevens: Last year Congress enacted a ceiling of 25% maximum Category IV personnel for each Service in FY 82, to be reduced to 20% the following year. Category IV personnel represent the lowest acceptable recruit. No restriction, however, was placed on Air Force recruitment of non-high school graduates. Does the Air Force foresee any problems meeting these recruitment goals, and if so, why?

ANSWER: The Air Force does not foresee any problems with meeting these recruitment goals. However, we do recommend that the restrictions be removed because they unnecessarily hamper Service flexibility to adjust to recruiting requirements and market changes. The best approach to achieving quality is to provide adequate resources to attract quality youth, not impose restrictive limits.

QUALITY MOTIVATOR BEHIND MANPOWER ACCESSION

Senator Stevens: The number of high school diploma graduates for FY 82 was 83% down from 92% in 1974. Also, the percent of accessions of test score categories I and II was 40%, the lowest since 1958. What is the Air Force doing to ensure that quality rather than quantity is the motivator behind manpower accession?

ANSWER: The Air Force continues to maintain high enlistment standards to ensure the accession focus is on quality. For example, non-high school graduates must score in the Mental Category I and II ranges to qualify and General Educational Development Certificate holders must score in the Mental Category IIIA or higher range to qualify. Our recruiting strategy is specifically designed to attract quality, i.e., management of the Delayed Enlistment Program concentrates on high school diploma graduates; recruiter incentives encourage the enlistment of high school graduates; enlistment incentives such as bonuses and extra stripes for college credits are only offered to high school graduates. Passage of a noncontributory "G.I. Bill" would greatly assist our efforts in attracting quality.

ENGINEER SHORTAGE AND ESTIMATED COST OF ENGINEERS BONUS

Senator Stevens: The Air Force has been unable to meet its recruitment goals for engineers. Indeed, it met only 39% of its goal for FY 80, down from 58% of its FY 79 objective. At the end of FY 80, the Air Force was 1100 military and 1700 civilian engineers short. At the present, no special pay, bonus, or promotion incentives are provided to engineers. It has come to this subcommittee's attention that while an engineer bonus program is being developed, no funding for this program is included in your FY 82 budget request.

How long has the Air Force been aware of this engineer shortage? What steps have already been taken to address this manpower deficiency?

Answer: The Air Force failed to meet engineer recruiting goals in each year since FY 78. Our overall shortage stands at about 1100 engineers. The most severe shortages are in electrical engineers -- 16%, and astronautical/aeronautical engineers -- 13%. Our major problem in "off the street" recruiting is our inability to compete financially with civilian firms. The regular military compensation (salary) for a 2Lt is about $15,400, but average starting salary for the private sector engineer is $22,368. We also need to retain a greater share of our experienced engineers than we have in the past. FY 80 engineer retention was 53% in the 4-11 year group, but by the end of March 1981, retention decreased to 48%. Due to small year groups recruited during the late 1970s, it is imperative we retain as many experienced engineers as possible.

The Air Force is pursuing numerous internal initiatives to access more engineers. Those initiatives include: recruiting engineer technologists to serve in less demanding engineering duties, offering to recall Air Force Reserve and Air National Guard engineers to active duty, increasing emphasis on AFROTC scholarships, increasing Airman Education and Commissioning Program engineer entrants and placing potential new engineers directly in AFIT advanced degree programs.

In addition to internal efforts already underway, we need the financial incentives contained in H.R. 3380 (Armed Forces Pay Act of 1981) to improve accession and retention. H.R. 3380 would provide up to $15,000 accession bonus for a four year obligation and up to $3,000 continuation bonus (payable for over 3-less than 19 years of service). Funding for the proposal ($6.3M) has been included in the DOD FY 82 Legislative Program. The Air Force believes that our own internal initiatives coupled with the financial incentives included in H.R. 3380 will go a long way in correcting our personnel shortages.

PHYSICIAN RECRUITMENT

Senator Stevens: Officer recruitment also falls short in the area of physician accession. The Air Force attained only 48% of its FY 80 recruiting objective, and only 26% of its specialty goals (specific shortages exist in general/neurological/orthopedic surgery as well as ear, nose and throat physicians). What short- and long-term measures is the Air Force implementing to address this problem?

Has the Air Force reoriented its Health Professions Scholarship Program to address these specialty shortages?

Answer: Short term recruiting measures to address the physician specialty shortfalls include the Physician Applicant Travel (PAT) program, the Medical Recruiter Assistance Program (MEDRAP), and medical advertising focused on strategies which should yield greater results in physician specialty recruitment. The PAT program enables

a physician applicant and spouse to visit the prospective base of assignment for an executive orientation prior to commitment. This year, 71% of the physicians who participated in the PAT program joined the Air Force. The MEDRAP permits Air Force health professionals to visit medical schools, conventions, hospitals, and other professional activities in support of the medical recruiting mission. Medical recruiters attend numerous national conventions and other medical professional meetings to generate applicant leads; MEDRAP and national convention coverage are the most productive generators of medical leads.

Long range initiatives to provide the required number and type of specialties are not recruiting oriented but include expanded retention programs and graduate medical education (GME) targeted at projected specialty shortfalls. Retention initiatives include Project Keep Each Eligible Person (KEEP), an extensive program designed to help alleviate physician and other officer shortages. KEEP measures the effectiveness of major command retention programs, identifies irritants, and helps eliminate obstacles that inhibit officers from selecting the USAF Medical Service as a career. Project KEEP is aimed at retaining quality personnel without ignoring selectivity. Another key retention effort was the passage of Public Law 96-284 which increased the special pay for most physicians. It was especially advantageous for board certified specialists and retention for these specialists is expected to improve.

The Armed Forces Health Professions Scholarship Program (AFHPSP) produces medical school graduates who must complete an internship year prior to becoming general medical officers; the AFHPSP does not produce physician specialists. Specialty training quotas are based on the results of the annual Physician Forecast Board which determines the long range staffing projection for each specialty. Candidates for GME are provided the tentative selection quotas for all specialty training at the post graduate one (internship) and post graduate two (residency) levels. AFHPSP graduates are therefore encouraged to apply for GME in the specialty areas where the greatest shortfalls are projected.

FY 80 AUTHORIZATION FOR PHYSICIANS

Senator Stevens: It has been noted that the Air Force did not reach its FY 80 authorization for physicians. One issue which might lessen Air Force demand for physicians, especially in light of programmed strength increases, is that of physician assistants. What is the role of these physician assistants in the Air Force and what is the problem associated with their commissioning?

ANSWER: Physician Assistants are key members of the Air Force health care team.

After individual review and approval by the Credentials Committee, Physician Assistants may perform the duties as listed, seeking appropriate consultation with the supervisory physician as necessary:

a. Take, evaluate, and record medical histories.

b. Perform physical examinations required to evaluate medical problems.

c. Perform standard medical examinations, except for flying examinations, as required and authorized by AFR 160-43, Medical Examination and Medical Standards. When physical findings are disqualifying, they will be verified by the supervising physician.

d. Order appropriate laboratory studies, x-rays, electrocardiograms, and other special examinations.

e. Collect specimens for pathologic examinations to include PAP smears.

f. Analyze and interpret data, formulate problem lists, and establish plans for solution of clinical problems.

g. Initiate temporary profiles, not to exceed 30 days, either by assigning or removing duty limitations except for personnel on flying status.

i. Admit and discharge to and from quarters for up to 72 hours with the verbal concurrence of the supervising physician.

j. Counsel patients on medical problems, use of drugs, expected effects of treatment, diet, and other health maintenance matters.

k. Perform health maintenance for well patients, including administering or supervising immunizations.

l. Manage common medical problems encountered in primary care clinics to include minor gynecological problems.

m. Manage selected resolved or stable chronic major illnesses.

n. Educate appropriate groups in health matters such as pregnancy, childbirth, family planning, care of newborn, child rearing, cancer detection, health maintenance, and use of community resources.

o. Counseling in family planning to include dispensing oral contraceptives, fitting diaphragms, and inserting or removing intrauterine devices.

p. Perform nasogastric and nastrachael intubations.

q. Perform gastric analysis studies.

r. Perform incision and drainage of minor lesions.

s. Wound care, debridement, and suturing of minor lacerations.

t. Perform other minor surgical procedures as approved by the Credentials Committee.

u. Under strict guidelines, may admit patients to hospitals.

v. In emergency situations, may administer life-saving procedures and medications pending the availability of a physician. These include cardiopulmonary resuscitation, treatment of life-endangering traumatic injuries, defibrillation, insertion of endotracheal tubes and administration of whole blood, oxygen, and other emergency medications.

As relates to the commissioning problem. The House Appropriations Committee (HAC) language in the FY 80 conference report provided that PAs should not be commissioned and further limited officer PAs on board to the rank of O-4. The HAC placed similar language in the FY 81 committee report. The Air Force would experience multiple impacts from the cancellation of the commissioned PA program.

Physician Assistants are key members of the Air Force health care team. The Air Force, Army, and Navy all use Physician Assistants in their outpatient clinics. However, the majority of Army PAs are assigned to field duties and many of the Navy PAs perform aboard ships. These various clinical settings create different demands on the capabilities of PAs. The Army and Navy PAs performing duties in the field are treating predominantly young, male, and assumed healthy populations. Whereas, the Air Force PAs working in outpatient clinics treat the whole spectrum of medical problems for a population comprised of all ages of beneficiaries of both sexes. Air Force PAs admit patients and serve as Medical Officer of the Day (traditionally physician duties), Navy PAs do not. The Air Force PA must routinely be better prepared and more informed on a wider range of medical procedures than many of his peers in the Army and Navy.

The Air Force PA role is vital in light of our plans to empanel all active duty personnel and their dependents in family practice modules. To date, 29 such modules have been established, manned with a mix of two or three PAs and a physician. This program has proven to be effective and is greatly praised by the beneficiaries using it. The use of PA/physician mix in our family practice modules will save an estimated 6 to 18 million dollars versus using physicians only.

There are significant differences in the training and use of Physician Assistants among the Services. The Navy has a limited training program of 52 weeks, the Army has 91 weeks, and the Air Force 101 weeks. The scope and depth of training and use of Air Force PAs is greater than Army and significantly greater than Navy. The Air Force PA meets commissioning requirements based on training, experience, and academic criteria. The other Services' PAs do not.

True life cycle costs must consider the expense of Service training programs and retirement costs. The cost of recruiting a qualified PA is much less than the expense of training PAs for the military manpower resource. Retirement costs can be reduced if the PA remains in the Service beyond 20 years. Adequate pay will encourage the PA to do so. The estimated life cycle annual cost of a 450 member officer PA force is $20.7 million (100% civilian recruited) compared to $29.0 million (100% in-house trained) for a like size NCO force. A similarly sized warrant officer force costs about $33.3 million using accelerated promotions (Army program) or $24.8 million (in-house trained) without accelerated promotions. The average starting salary for civilian PAs with credentials equivalent to ours is about $20,000, with experienced PAs in the private sector receiving up to $40,000 plus benefits (profit sharing, insurance, auto, etc.). Federal and public agencies allow PAs to achieve GS-12, step 10 ($35,033 per year). Warrant and enlisted salaries lie well below the civilian sector earnings.

Commissioning of PAs recognizes duties and responsibilities equivalent to other health care providers such as the nurse, dietitian, therapist, pharmacist, entomologist, lab officer, etc. Without a commission, the essential relationship and acceptance of other health care providers and patients is damaged. Many equate medical expertise with officer status. This is a key point considering the role of the Air Force PA in the fixed unit medical setting.

The Air Force should be allowed to commission PAs. The Air Force is confident that the decision to commission PAs is correct. We defer to the other Services to determine their best interest on this matter. The Air Force is extremely desirous of having the restriction on commissioning of PAs removed and recommends that course be considered and approved as an urgent matter of Congressional business. Title 10, United States Code, Section 8067, provides the Secretary of the Air Force with authority to determine what medical functions will be performed by commissioned officers. That authority should be reinforced and not countermanded by limitations on funding or other restrictions.

While the above reflects the longstanding Air Force position, we realize that the OASD(HA) position is contrary. The OASD(HA) feels the policy of all the Services should be the same with respect to grade of PAs and points out that both the Army and the Navy prefer warrant officer status for their PAs.

MILITARY PAY COMPARABILITY

Senator Stevens: Mr. Meis, you have stated that top priorities for the Air Force are compensation-related initiatives--restoration of military pay comparability, more adequate reimbursements for service-directed moves, improvements in incentives and special pays and allowances--as well as increases in the active military, reserve, civilian and contract work forces. Each of these priorities is clearly quite costly in and of itself. Together, these priorities represent an extremely expensive "wish list".

Could you inform this Committee which priority, if given

favorable attention in FY 82, would best serve Air Force manpower requirements?

ANSWER: The requested active military, reserve, civilian and contract work force increases and the needed compensation improvements for military personnel are not mutually exclusive. The programmed strength levels are required to enable the Air Force to perform our assigned mission. Without these increases, we would be unable to sustain the required readiness levels or adequately man the new weapons systems programmed for the coming years. On the other hand, the people-related compensation improvements are essential to eliminate the deficiencies and inadequacies in the military compensation system which have plagued our people for the past decade. These deficiencies led to the alarming exodus of experienced military personnel from all of the Services during the past few years and have adversely affected our readiness posture. While we are encouraged by the recent trends we are seeing in our ability to recruit and retain quality people to perform the Air Force mission--our improved retention rates have not yet been tested. Further, as you note, our requirements are growing and extraordinary retention will have to be achieved and maintained in the future to meet these increases. We can't meet these increasing requirements simply by bringing more people through the front gate, because that would make our experience mix drop to an unacceptably low level. Instead we must do a combination of bringing more people in and retaining more of our experienced people. To do this, we must have your help to continue the commitment and the momentum begun in the compensation area last year. Restoring our member's confidence in their compensation program will result in their full attention being focused on our mission. Our recommendations with respect to this objective include:

- Immediate restoration of military compensation to the relatively comparable levels with the private sector that were established in 1972 when we created the all volunteer force. A 5.3% across-the-board pay raise will accomplish that goal and is vital to enhance recruiting in the face of declining youth populations and decreased propensity to enlist, and to help the Services achieve the extraordinary retention required to meet increased requirements and cope with the growing industry demand for expensively trained and highly experienced personnel.

- A non-contributory education incentive program with emphasis on retention to motivate greater members of high-quality people to pursue full military careers.

- Improved permanent change-of-station reimbursements to compensate military personnel adequately for the expenses we require them to incur.

- Increases and new types of special and incentive pays are needed. Among the most pressing are an additional officer and enlisted flight pay increase, establishment of an engineer/scientist accession bonus and continuation pay plan, enhanced special pay for recruiters, and new hazardous duty pay authorities and rates.

- Passage of a Dependent Dental Care Plan and improving the DOD CHAMPUS program would have positive impact on retention.

- Removing irritants which reduce second term and career reenlistments. Initiatives in this area include Basic Allowance for Subsistence for all careerists, a partial Bachelor's Cost-of-Living Allowance in high-cost overseas areas, and funds for Emergency Leave and Environmental/Morale Leave programs.

EXODUS OF MID-CAREER PERSONNEL

Senator Stevens: It is believed that the exodus of mid-career officers and enlisted members of all Services that has occurred in the past few years can be directly traced to the lack of pay comparability. A 5.3% across-the-board pay raise effective July 1981 has been proposed to correct this situation. Will this 5.3% increase, if approved by Congress, restore pay comparability with the civilian sector?

If so, why is there an additional 9.1% increase projected for October 1981? If not, how much of a pay raise would be necessary? What are the projected costs of both these pay raises?

Answer: As the result of three military pay caps (75,78,79), by 30 September 1980, military pay had fallen approximately 17.6% behind the pay provided to the private sector (Professional, Administrative, Technical, and Clerical (PATC)) workers to which military pay has been indirectly linked since 1972. The Congressional initiative to suspend the linkage between military and General Schedule (GS) pay raises to provide military personnel an 11.7 percent pay raise (instead of the 9.1% provided to GS employees) on 1 October 1980 reduced this past deficit to 5.3% which is the amount required to restore military pay to 1972 relative comparability levels. The 9.1% projected for 1 October 1981 represents the OMB projection of the growth in private sector (PATC) salaries which will occur from March 1980 to March 1981 and is the amount military and federal employees should receive in October 1981 to maintain comparability with PATC workers. Therefore, a minimum of 14.9% (1.053 X 1.091) military pay increase is required to restore military pay to 1972 relative comparability levels. DOD estimates the 5.3% military pay raise effective 1 July 1981 will cost about $420M (DOD/$114M AF) in FY 1981, and the 9.1% will cost about $2.8 Billion (DOD/$850M AF) in FY 1982.

MILITARY PAY BONUSES

Senator Stevens: Mr. Meis, in your statement you have indicated the need for a 5.3% pay increase to achieve pay comparability so as to retain careerists and junior enlisted personnel. You have also stressed, however, the need for various additional bonuses and incentive pay, such as those passed by the last Congress. The question must be asked, then, whether the issue of military pay is becoming too bonus-oriented. Would the purpose of these many selective bonuses be better served through the across-the-board pay raise you suggest?

Mr Meis: The 5.3% military pay raise on 1 July 1981 will demonstrate in a convincing manner, to the men and women of the Armed Services, that the nation cares and is committed to make up for a decade of neglect of their needs. This pay raise, when combined with the 9.1% planned for October 1981, will restore military pay to the level we committed ourselves to when we created the All-Volunteer Force (AVF). Unfortunately, we have had to resort to increased use of bonus payments in more skills and to more people over the past few years to try to counteract the dramatic experience losses we have incurred as the result of depressed and inadequate military pay levels. Once we have restored military pay to the appropriate level, we should then be able to move the bonus program back to its intended purpose, i.e., provide an incentive to selected critical skills where we are unable to recruit or retain adequate numbers of people to meet our requirements.

SECOND TERM AND CAREER REENLISTMENT GOALS

Senator Stevens: Despite the fact that FY80 reenlistment rates and career force entries increased over the previous year's total, Air Force retention fell below its FY 80 goal. The Air Force failed to meet its 2nd term and career reenlistment goals. To what is this attributed? What measures is the Air Force taking to ensure retention goals for FY 81 are met?

ANSWER: The increase in Air Force second term and career reenlistment rates in FY 80 reversed a two-year decline in these rates. More significantly, FY 80 rates represented an improvement over FY 79 when we recorded our lowest reenlistment rates in the history of the AVF. Although it is difficult to isolate all the reasons we did not meet our FY 80 reenlistment goals, we believe compensation-related issues are largely responsible. Specifically, these include the failure of annual military pay increases to keep pace with those granted to private sector workers, the requirement to absorb significant out-of-pocket expenses during government-directed moves, and the steady decline in the value of special and incentive pays. Many of those reaching their reenlistment point compared these factors against the compensation and quality of life features of civilian alternatives and decided they could no longer bear the financial burden of remaining in the military. Toward the end of the fiscal year, as the possibility of compensation improvements became more apparent, a number of members chose to extend their enlistments. To the extent that these decisions to extend were in lieu of decisions to reenlist, they resulted in a depression of the reenlistment rate.

The Air Force is undertaking a number of steps to insure we meet our objectives for FY 81. Although the compensation initiatives enacted last fall appear to be having a positive impact on retention, the retention improvements have not been fully tested in a strong economy. We must maintain the momentum started last year if we are to achieve our objectives in FY 81 and in the years to come. We believe there are a number of additional compensation and quality-of-life improvements which must be enacted (pay comparability , adequate PCS reimbursements, dependent dental care, increased funding for the Selective Reenlistment Bonus program, etc). We have also initiated a number of aggressive internal Air Force programs to improve retention. We have expanded our Base Career Advisor program, instituted a delayed reenlistment program to allow members to reenlist up to 90 days after their separation from active duty, and established a program to improve family satisfaction with Air Force life.

The Air Force will need even higher retention in the future. The growth in the defense program initiated by the new Administration has resulted in a concomitant significant growth in Air Force end strength through FY 86. To achieve a balanced growth in first termers and careerists during the expansion, the Air Force will require extraordinary career force retention. In addition, higher retention levels are needed as a basis for rebuilding experience levels which declined precipitously during the periods of force reductions and poor retention experienced during the 1970's.

SHORTAGES IN PILOTS, NAVIGATORS, ENGINEERS AND PHYSICIANS

Senator Stevens: Mid-level officer retention improved for FY 80, yet critical shortages still exist in pilots, navigators, engineers and physicians. The Air Force has stated its belief that the best long-term solution to the aviator problem is an additional

25% increase in flight pay. Why is this alternative preferable to that of the Aviation Officer Continuation Bonus requested in the FY 81 Supplemental?

Is the $30.2 million annual budget increase required for this pay included in the FY 82 budget request?

Answer: The Air Force could use both the Air Crew Incentive Pay (ACIP) increase and the bonus in the short-term to rapid reduce shortages and preserve experience levels. However, our preference for the ACIP increase is predicated on the uncertainly of the bonus and our firm belief that an ACIP increase is the best solution to our aviator retention problems.

Whereas the bonus authority may be "on-again, off-again" from year to year based on retention trends, the increase in ACIP, guaranteed in law, yields stable, predictable earnings that strengthen institutional values and encourages career commitment.

The $30.2 million ACIP increase is contained in the OSD Legislative Contingency Fund for FY 82. If ACIP legislation is enacted, we will be able to pay the full amount to eligible aviators.

SHORTAGES IN CRITICAL SKILLS (E5 - E7)

Senator Stevens: Presently, the Air Force faces severe manning shortages of mid-range supervisor grades (E5 - E7) in critical skills such as intelligence, avionics, aircraft maintenance, mechanical-electrical and security police. Selective reenlistment bonuses, however, are now being paid each of these categories of personnel.

By how much has retention in these skills increased since these bonuses were initiated?

ANSWER: The table below reflects the increase in reenlistment rates for these skill areas. Although a few of the skills received a bonus in FY 79-80, the bonus was initiated in the majority of the skills in FY 81. In general, all reenlistment rates show improvement. This increase must be sustained and improved upon in the future to rebuild our experience base and to retain adequate numbers of qualified supervisors to respond to increasing end strengths. These improvements, however, are not solely a result of increased use of the selective reenlistment bonus (SRB) but rather a combination of factors including an expanded SRB program, variable housing allowance, the 11.7% pay raise, general economic conditions, and future pay expectations.

Air Force Reenlistment Rates by Career Field by FY

AFSC		First Termers		
2-digit	Career Field	FY 79	FY 80	FY 81 (May 81)
20	Intelligence	31.3	41.5	50.4
32	Avionics	32.6	19.4	29.7
42	Acft Sys Maint	35.8	31.6	49.9
43	Acft Maint	31.2	26.5	45.6
46	Munitions/Weapons Maintenance	28.9	31.7	45.1
54	Mech - Elect	33.4	27.8	32.5

AFSC 2-digit	Career Field	Second Termers FY 79	FY 80	FY 81 (May 81)
81	Security Police	29.0	27.0	29.8
XX	Total AF Avg	38.0	35.8	44.9
20	Intelligence	56.4	58.1	73.4
32	Avionics	51.0	50.6	59.1
42	Acft Sys Maint	61.1	61.9	83.0
43	Acft Maint	56.6	61.8	73.6
46	Munitions/Weapons Maintenance	63.2	63.8	70.9
54	Mech - Elect	62.3	64.9	70.1
81	Security Police	64.0	61.5	74.8
XX	Total AF Avg	60.1	62.7	71.9

NEGATIVE COMPENSATION FOR MILITARY PERSONNEL

Senator Stevens: It has been noted that negative compensation for military personnel includes such issues as Permanent Change of Station (PCS) costs, medical and dental care, and overseas living expenses.

As regards PCS reimbursement, it has been stated that military personnel spend more money out-of-pocket than do their civilian counterparts. Mr. Meis, you address that problem in your statement, yet you have not defined the "adequate relocation reimbursements" you propose. What do you consider "adequate reimbursement"?

Answer: The following compensation needs are required to begin to alleviate the substantial financial penalty, in effect a moving tax, which is incurred by military people each time they are directed to make a permanent change-of-station move:

o Provide funding for 4 days Temporary Lodging Entitlement in Continental United States for member and family paying per diem of $37.50 per day to members and $25 a day per diem for each dependent. Authority for this action is currently under consideration by the House and Senate Armed Services Committees.

o Provide funding to increase current mileage allowance for dependents in conjunction with permanent change-of-station moves from 7¢ per mile for dependents age 12 and over and 3.5¢ per mile for dependents ages 2-12 to 10¢ per mile for dependents age 12 and over and 7¢ per mile for dependents ages 2-12 (authority already exists).

o Remove the 13,500 pound household goods funding cap imposed by Section 717 of P.L. 96-527 and provide funding to permit Service Secretaries to increase household goods weight allowances from 500 to 1,500 pounds depending upon grade (authority exists).

o Provide funding to enable payment of dependent mileage allowances for dependents of members in grade E-4 (under two years of service) and lower grades in conjunction with permanent change-of-station moves made within the Continental United States (authority exists).

o Provide funding for commercial round-trip transportation (whenever military airlift is not reasonably available) for the military member and dependents stationed overseas when required to return to the United States on emergency leave incident to a serious illness, injury, death or other urgent situation requiring their immediate presence. Authority for this provision is currently under consideration by the House and Senate Armed Services Committees.

o Provide funding for transportation (whenever military airlift is not available) of members and their dependents stationed in environmentally, climatically or socially depressed areas outside of the United States to other overseas areas where they may gain temporary relief from adverse local conditions. This authority, which is similar to that currently provided to Department of State employees, is currently under consideration by the House and Senate Armed Services Committees.

o Provide funding to reimburse military members for the expenses involved in the delivery of their motor vehicle to the port of embarkation and the movement of their vehicle from the port of debarkation to their permanent duty station. This provision is currently under consideration by the Senate Armed Services Committee.

IMPROVEMENTS IN PCS REIMBURSEMENTS

Senator Stevens: It has come to our attention that the Air Force is considering various improvements in PCS reimbursements, improvements such as temporary lodging entitlements, house-hunting trips, dependent per diem, motor vehicle transportation and storage, increased household goods weight and CONUS jet travel for junior enlisted personnel. Is funding for any of these programs included in the FY 82 budget request?

What is the status of these initiatives?

Answer: Funding for the Temporary Lodging Entitlement has been proposed by the Department of Defense for inclusion in the fiscal year 1982 legislative contingency account which is currently undergoing internal review and has not yet been cleared for submission to the Congress. Although the need for these initiatives has been well documented, internal budgetary constraints have precluded funding all of these initiatives in the fiscal year 1982 budget request.

PER DIEM AND MILEAGE REIMBURSEMENT

Senator Stevens: The Air Force requested a $50 per diem and 16¢ per mile reimbursement rate in the FY 81 supplemental (one to which this Subcommittee has agreed). Yet, the FY 82 budget requests $63.6 million for a $45 per diem and an 18½¢ per mile rate. Is the $45/18½¢ request final? If not, by how much would the Air Force budget change, since it is based on this reimbursement ratio?

ANSWER: The FY 1981 supplemental contained $50 per diem and 16¢ per mile reimbursement rate and this is the Administration's position for FY 1982. The dollar amount between this position and the one contained in the FY 1982 budget of $45/18½¢ is relatively small (within $1-2 million).

MEDICAL CARE UNDER CHAMPUS

Senator Stevens: Another "negative compensation" mentioned by Mr. Meis is that of medical care, specifically care provided under CHAMPUS (Civilian Health and Medical Program of the Uniformed Services). What Air Force initiatives are underway to address the CHAMPUS problems? Does the FY82 budget propose the funding of any changes?

Answer: The Air Force designed and conducted an OB/GYN test program using CHAMPUS money to contract with civilian physicians to deliver babies in three Air Force hospitals. This program greatly reduced the financial burden on the beneficiary and the CHAMPUS program by eliminating the cost of civilian hospitalization. Also the Air Force Surgeon General has been personally involved in seeking to improve the numbers of civilian physicians participating in the CHAMPUS program by communication with national, state and local medical associations. The Air Force Surgeon General is also seeking additional funding through the budget process to increase medical resources in order to make more care available to our beneficiaries in the military (direct) care system. This medical care has been proven to be more economically provided in the military system. This initiative would reduce the number of beneficiaries seeking medical care utilizing CHAMPUS funds. In addition, the Air Force has supported several initiatives aimed at improving the CHAMPUS program and enhancing beneficiary satisfaction. We strongly support the proposed CHAMPUS dental care plan (DOD 97-103) for dependents of active duty service members, which was submitted by the Department of Defense to the Office of Management and Budget. Finally, the Air Force has supported the elimination of deductibles for outpatient care for dependents of active duty, the elimination of co-payments for outpatient care for dependents of active duty, addition of eye examinations for dependents of active duty, making CHAMPUS second pay to Medicare for retirees and their dependents over 65-years-old and placing a cap on out-of-pocket expenses per family per year for catastrophic illness. The funding for these initiatives would be provided by the DOD CHAMPUS budget. There are therefore no Air Force FY 82 funds requested for these changes.

CHAMPUS DEPENDENT DENTAL CARE

Senator Stevens: As an additional incentive to retention, a new proposal for CHAMPUS dependent dental care is now under consideration by the Department of Defense. Preliminary estimates indicate that this new dental care is expected to cost DOD a total of $230 million per year. What is the estimated cost to the Air Force? Is funding provided for this in the Air Force FY 82 budget?

Answer: The Air Force strongly supports a CHAMPUS dental care plan for dependents of active duty personnel. The proposed plan, DOD 97-103, will assist in our recruiting and retention programs, is essential from an overall health standpoint and will help the services keep pace with dental plans commonly offered as a job-related entitlement in the civilian sector. At the present time over 70 million Americans are covered by dental care plans provided by their civilian employers. The military must be competitive in this regard. The $230 million figure represents the initial estimated full year cost of the dental program based on a dual $1,250 annual maximum and lifetime maximum. The present cost estimate for the proposal has been reduced to $200 million by reducing the dual maximums to $1,000. The cost of funding this plan would be budgeted by DOD CHAMPUS. There are therefore no funds in the Air Force FY 82 budget for this plan.

SINGLES COLA

Senator Stevens: Singles COLA is also a new initiative in the FY 82 budget, and $8 million is currently requested to begin payment of this allowance. Why is this new allowance necessary?

Answer: In many oversea areas, the cost of living is considerably higher than it is, on average, in the contiguous United States (CONUS). To ensure members required to perform permanent duty in such high cost locations outside the CONUS maintain the same relative purchasing power as their counterparts assigned in the CONUS, the Congress authorized the payment of a cost-of-living allowance (COLA) where necessary to compensate for the excess living expenses (excluding housing) overseas (37 USC 405). It is payable to all members at a given overseas station, except those required to reside and subsist on-base. Lack of funding (requested in the DOD budget since FY 80) has precluded payment of a COLA to these single/unaccompanied members, even though they unavoidably incur many of the same added expenses (e.g., transportation, recreation, clothing) as all of the other members at the oversea location who do receive a COLA. For example, an unaccompanied E-5 authorized to reside and subsist off-base receives $154.50 per month in COLA at Eielson AFB and $126.00 per month at Elmendorf AFB, while the unaccompanied E-5 on-base receives nothing. The Bachelor COLA would authorize the unaccompanied E-5 on-base $72.60 and $60 at Eielson and Elmendorf respectively. This economic penalty works at cross-purposes with our retention objectives, our programs to reduce PCS costs by sending and keeping volunteers overseas and our efforts to limit the number of dependents overseas. Many oversea commanders have reported that these single/unaccompanied members, who are required to reside and subsist on-base, lack the financial wherewithal to venture off-base. Their virtual imprisonment on-base has caused many to turn to drugs, alcohol and/or other unhealthy outlets to relieve their boredom. To correct this financial inequity, to restore their relative purchasing power to that of their counterparts both off-base overseas and in the CONUS, to improve morale and to enhance mission readiness, the Services are seeking a partial COLA payable at 47% of the rate paid to members without dependents authorized to reside and subsist off-base. This reduced rate recognizes that some categories of expenditures (e.g., food at home, furnishings and household operations, and medical care) are provided these members at no expense by the Government.

INCREASED STRENGTH TO SUPPORT U.S. SPACE PROGRAMS

Senator Stevens: Mr. Meis, you have stated that part of the 17,800-man strength increase projected for FY 82 is required to support space programs such as the Space Shuttle. How much of this strength increase and what portion of the FY 82 budget are devoted to supporting the U.S. space programs, and what future impact will these programs have on Air Force manpower requirements and budgets?

Mr. Meis: Approximately 500 of the 17,800 military end strength build in FY 1982 is required to support space programs, specifically the Space Transportation System (STS). The STS consists of a Space Shuttle which will carry payloads to low earth

orbit and return to land on a runway, upper stages to transfer payloads from the shuttle's low earth orbits to higher orbits, Spacelab to conduct experiments in space, launch and landing facilities, simulation and training facilities, and mission control facilities necessary for operation of the system.

The Air Force is addressing the size of the manpower program to operate, maintain, and support space programs. The size of that manpower program is dependent on many factors, including the concept of operations and the number of programs involved. With all factors considered, we anticipate a net increase in manpower to support new weapons systems, includinq space programs, over the near to mid-range future.

A total of almost $303 million of the entire FY 82 Air Force O&M budget of $16.9 billion directly supports U.S. space programs. The Air Force operation and maintenance fund requirements for space and space-related programs are expected to experience significant growth over the next few years as the Space Shuttle becomes operational and as increasing numbers of Air Force payloads complete their transition from expendable launch vehicles to the Space Shuttle. In particular, significant annual growth in operation and maintenance requirements will occur in the Space Launch Support Program until a relatively stable funds requirement level is reached in about the 1987-1988 time period.

This growth is primarily caused by two factors: the buildup to a fully operational launch and landing site at Vandenberg AFB, CA; and the transition of operational Air Force space payloads to the Space Shuttle, necessitating increased funding for the payment of Orbiter Flight Charges, recurring payload integration, and upper stage launch and flight operations to support these missions. These items are funded by the Space Launch Support Program. Although Air Force payloads are transitioning to the Space Shuttle, there will continue to be a need, for several years at least, to maintain an expendable launch capability to support both prime launches of Air Force payloads and to provide a backup launch capability for critical defense missions on the Space Shuttle.

PAY CAPS ON CIVILIAN PERSONNEL

Senator Stevens: Mr. Meis, you have stated that the current pay caps on civilian personnel negate the entire motivational theory on which the Senior Executive Services was founded. Executive turnover is high and incentives are low. If Congress were to lift the ceiling on civilian pay, by how much would the Air Force budget have to be increased?

Answer: Lifting of the current Congressional ceiling of $50,112.50 would increase the Air Force budget by about $2.0 million for SES and $4.9 million for GS-15s that are limited by the ceiling for a total of $6.9 million.

CIVILIAN PERSONNEL MANNING LEVELS

Senator Stevens: Civilian personnel constitutes approximately 20% of total Air Force manpower resources, and civilian strength has increased 3,500. Given the support civilians provide Air force capabilities, do you consider present civilian manning levels satisfactory? Would you favor lifting the current ceiling on civilian employment?

General Murray: Present civilian manning levels are constrained by decisions made during the budget cycle. As a result, current civilian authorizations are inadequate to meet current or projected requirements. The Air Force has identified considerable valid civilian manpower requirements which must be deferred due to the lack of funding. The FY 81 Supplemental and FY 82 Amendment increases in civilian end strength take a step toward resolving some of these shortfalls in our logistics and depot maintenance areas which affect the minimum manning necessary to accommodate wartime surge requirements. Although civilian end strength can be adjusted by the Secretary of Defense by up to two percent when in the national interest or to reinstate authorizations for potential Commercial or Industrial Type Activity (CITA) contractual services that do not go contract, the Air Force would prefer to remove all statutory end strength ceilings and allow resources to be expended within overall programmatic and fiscal constraints.

BLUE COLLAR PAY SYSTEMS REFORM

Senator Stevens: A recent CBO study cited a $973 million cost avoidance for the Air Force over the next five years if blue collar pay systems were to be reformed. Does the Air Force agree with the CBO findings? What effect, if any, would this pay reform have on Air Force military and civilian manning levels?

Answer: While the Air Force agrees with the findings, the report did not specify the Air Force savings. The study put the estimated savings government wide at $4.86 billion over the next five years. The estimated Air Force share of these savings is $973 million.

Since the pay reforms cited in the study would not result in actual salary reductions for the Air Force workforce, we do not anticipate that recruitment and retention of a qualified civilian workforce would be adversely affected.

SHORTAGE OF CIVILIAN ENGINEERS

Senator Stevens: The Air Force remains 17% short of civilian engineers. What initiatives are being taken to correct this deficiency?

General Murray: The Air Force independently and in conjunction with other military departments has developed several initiatives to aid in overcoming its shortfall of engineers. For example, the Air Force has established an on-going panel chaired by the Assistant Deputy Chief of Staff, Manpower and Personnel for the purpose of investigating the long range issues relating to engineer supply and demand both from the national and Air Force points of view. The Air Force Management Engineering Agency (AFMEA) is conducting an extensive study to quantify engineer and engineer technologist requirements within the Air Force. A joint Air Force military and civilian engineering recruiting workshop was conducted to examine alternatives for improving our engineer recruiter program. The Air Force is making maximum use of Office of Personnel Management (OPM) authorities including Payment of Pre-Employment Interview expenses, Direct Hire, special in-hire salary rates, payment of transportation costs and accelerated promotion. The Air Force has recommended to OPM that special salary rates be extended to GS-12 and some GS-13 engineers. We

also have supported two legislative proposals dealing with improved compensation for engineers.

The Air Force will continue its efforts to overcome the shortage of civilian engineers through existing authorities, and innovative recruitment. We also will initiate revisions to policies, rules and laws which are found to negatively impact on our ability to fill engineering positions.

EXTENT OF ALCOHOL AND DRUG ABUSE COMPARED TO FY 79 AND FY 80

Senator Stevens: The FY 82 budget request devoted to alcohol and drug abuse control is $26.7 million. FY 81 and FY 82 appropriations were $24.3 million and $24.0 million, respectively. Yet, the number of civilians and military personnel assigned to combat this problem has not changed for several years: (107 and 715 personnel, respectively). Does this indicate that the Air Force is effectively managing this problem, and if so, could not some resources be cut? What is the extent of drug and alcohol abuse now as compared to FY 79 and FY 80?

ANSWER: We believe the Air Force is effectively managing the problem and do not recommend reducing resources committed to the alcohol and drug abuse program. The $2.7 million increase ($24.0M to $26.7M) is attributable to inflation.

Abuse rates from FY 79 to present have been stable. A comprehensive Department of Defense study published on 14 November 1980 provided the following estimates which we believe accurately reflect abuse rates during the period in question:

Alcohol Abuse (Alcohol dependence during past 12 months)

Total Air Force	Total DOD
4%	7%

Drug Abuse (Drug use during past 30 days)

Total Air Force	Total DOD
21%	38%

"PROPERLY DESIGNED" GI BILL

Senator Stevens: It has been stated that the present contributory Veterans Education Assistance Program (VEAP) has significantly reduced the attractiveness of military service for many high quality personnel, and that a return to some sort of non-contributory GI Bill would be a better alternative. Does the Air Force as yet have any data on the cost and structure of what Mr. Meis has called a "properly designed" GI Bill?

ANSWER: A new GI Bill is needed to increase the supply of high quality personnel for all the Services. This need is particularly urgent in light of the significant end strength growth now being programmed by all the Services during a period when the recruit age population is declining. Besides providing sufficient recruiting initiatives, a new GI Bill must be balanced to provide retention incentives as well. A program with this design would be a significant asset to the Services in meeting quality personnel procurement and retention needs in the All-Volunteer Force. Annual costs of such a program would be dependent on a number of factors including timing of usage, participation rates, future retention patterns, and accession levels.

ON-THE-JOB TRAINING

Senator Stevens: During the past decade, the amount of time and resources devoted to skill training have declined. Operational units now have fewer NCOs yet greater demands are placed on units to provide on-the-job training. What impact has this situation had on Air Force readiness? What initiatives are underway to resolve this problem?

ANSWER: The impact on unit readiness caused by training insufficiencies is directly reflected in the commander's assessment portion of unit reports and reports of inspection. A review of Inspector General reports accomplished in 1979 revealed that 22% of the discrepancies identified were directly related to training. Several initiatives are underway to resolve the problem. Initial Skill Training for first term enlisted personnel is being expanded to an average of 11.50 weeks in Fiscal Year 1982, and 12.30 weeks in Fiscal Year 1983. Additional resources will also be dedicated to the Skill Progression Program for our career NCO force; new courses will be added and several existing courses will be lengthened. To support training requirements resulting from new and emerging weapons systems, additional O&M funds are being programmed for the contract training (factory training) program.

EDUCATIONAL ASSISTANCE TEST PROGRAMS

Senator Stevens: It has been noted that the Office of the Secretary of Defense (OSD) is currently conducting educational assistance test programs in the recruiting market. When the results of these tests are evaluated, OSD will proceed with legislative proposals for a GI Bill. However, the Services do not consider the tests effective, and they doubt that conclusive results can be obtained. Why the difference of opinion and what effect will it have on a future GI Bill?

Answer: DOD and the Services agree that a new educational incentive program is needed to sustain the All-Volunteer Force. The difference of opinion centers primarily around the timing of proposed legislation. DOD desires to complete its Congressionally-mandated Educational Assistance Test Program and analyze the results prior to developing the Department's recommended permanent military education incentive program, so as to have more extensive background information available in designing the specific features. The test program will be completed in October 1981, and DOD expects to present the Department's program in early 1982. However, the Air Force questions the validity of conclusions that may be drawn from the test program, because of structural shortcomings and difficulties in attributing changes in recruiting during the test period to the proper factors (e.g. changes in unemployment, level of recruiting effort/goals and the test program). In addition, the complete retention results of the test will not be available for about four years. This difference of opinion on the value of the test should not affect the structure of a future GI Bill.

CONSOLIDATION OF TRAINING COURSES

Senator Stevens: Last year an Air Force Audit Agency Report (number 89926) noted that the Air Force could save $62 million by consolidating the Navigator-Bombardier training course at Mather Air Force Base with SAC combat career training at Castle and Carswell Air Force Bases. The Air Force agreed to carry out this proposal. What is the status of this consolidation?

Answer: As stated in the response to the Audit, the Air Force concurrence in the consolidation of Navigator-Bombardier training was contingent on the installation of new digital avionics equipment in the B-52; procurement of new B-52 G/H weapon system trainers; and modification of existing B-52D trainers. As a result, in April 81, B-52D Navigator-Bombardier training was consolidated with the B-52D Combat Crew Training School at Carswell AFB. Concurrent with the completion of the digital avionics installation and weapon system trainer procurement, B-52 G/H Navigator-Bombardier training will be consolidated with the B-52 G/H Combat Crew Training School at Castle AFB (FY 1/84). These transfers enable the Air Force to avoid an unprogrammed expenditure of $62 million that would be required to modify trainers at Mather AFB if the consolidation did not take place.

ROLE OF USAF IN THE RAPID DEPLOYMENT FORCE (RDF)

Senator Stevens: What is the role of the Air Force in the Rapid Deployment Force? How much of the FY 82 budget is devoted to RDF funding?

Answer: The Air Force role in the Rapid Deployment Force (RDF) is to deter the enemy from attacking, and should deterrence fail, to conduct war at the level of intensity and effectiveness needed to win. The RDF Air Force will employ air power to gain and maintain air superiority, inhibit movement of enemy forces, seek out and destroy enemy forces and their supporting installations, and directly assist ground or naval forces to achieve their immediate operational objectives.

The RDF funding profile was conceived after the FY 82 budget was finalized. However, we added items to the FY 82 Amendment for the RDF. We have broken out not only the items which are RDF specific but also all items which can contribute to the RDF. The breakout includes:

	($ IN MILLIONS)
1. Prepositioned WRM Replen Spares	311.0
Funds additional spares for WRSK/BLSS. When combined with the funds requested in the FY 82 President's Budget, known requirements will be fully funded in FY 82.	
2. C-5 OWRM Spares	187.0
Combined with the FY 82 President's Budget funds will procure sufficient spares to permit the C-5 to operate at its wartime utilization rate.	
3. Construct Facilities for RDJTF B-52s	39.0
Provides for the construction facilities to support RDJTF missions at Diego Garcia.	

4. WRM Munitions 507.5
Procures an increment of the WRM munitions requirements at efficient production rates. Includes 30mm gun ammo, laser bomb guidance kits, air inflatable retarders, and countermeasures chaff and flare cartridges.

5. TAF Maintenance Manning Increase 46.0
Provides increased aircraft and munitions maintenance manpower for higher wartime sortie generation rates, greater dispersed aircraft basing and independent operation of aircraft maintenance units. Improves mobility, command and control, and survivability of maintenance sortie generating capability.

6. RDJTF Intelligence Support 5.0
Provides intelligence support to deployed RDJTF Command and Control elements and combat units. Directly supports strike decision, weapons delivery, and aircrew target acquisition.

7. C-141/C-130/E-3/KC-135/OWRM 107.0
Provides funds to procure wartime support spares for the C-141, C-130, E-3A, and half of the KC-135s. Additional funds will be required in FY 83 to complete procurement.

8. Bare Base Equipment 5.0
Exercises and deployments have degraded several HARVEST EAGLE sets. Procures equipment and supplies to bring to mission capable status.

9. HARVEST EAGLE EQUIPMENT 31.6
Procures new HARVEST EAGLE sets to provide billeting, messing, housekeeping, sanitation, and utilities for personnel of the RDJTF.

10. Mobility Support Equipment 85.0
Procures additional mobility support equipment for the RDJTF. Includes personnel housekeeping requirements and squadron operations and maintenance requirements.

11. Materials Handling Equipment 16.0
Provides 250 prepositioned equipment items (aircraft loaders, forklifts, and munitions handling equipment) for aerial port operations in support of SWA deployment of the RDJTF. Saves 92 C-141 sorties.

12. Deployment Base Maintenance and Support 18.0
Procures medical equipment, water treatment equipment, and aircraft arresting barriers to support the RDJTF.

13. RDJTF Medical Supplies and Fuel 29.0
Provides $16 million for medical material to support both fixed and mobile treatment capability for the RDJTF. Current assets do not provide these capabilities. Also provides $13 million for fuel for the RDJTF.

14. C-141 Brigade Airdrop 47.0
This funding allows an expansion of the RDJTF airborne operations capability in adverse weather. These funds will improve currently identified operational and equipment shortages.

15. SWA AM-2 Airfield Matting 6.6
Provides parking aprons for 3 squadrons of tactical aircraft at SWA airfields. Increases the basing options since all except improved SWA airfields have limited aircraft parking areas.

16. Rapid Runway Repair (RRR) Kits 12.0
Provides for six RRR kits to be prepositioned in SWA to provide for a rapid repair capability to bomb-damaged runways and taxiways to ensure continued airborne combat operations.

17. RDF Crash Fire Vehicles 9.0
Provides 78 vehicles and equipment for protection of aircraft and facilities on RDJTF bases. Equipment will be prepositioned at SWA locations to support RDJTF deployments. Saves 24 C-141 sorties.

18. RDF C^3I Equipment 18.0
Provides ground communication-electronics equipment to support the RDJTF.

19. Vehicular Equipment 34.3
Provides 1,234 direct mission support vehicles to be prepositioned in SWA for flightline operations to support deployment of the RDJTF. Saves 482 C-141 sorties.

20. RDJTF Headquarters Equipment 8.0
AF as the executive agent for the RDJTF Headquarters, procures equipment and facilities for the operations of the headquarters as well as the billeting, messing, housekeeping, and sanitation of the personnel contingent.

21. JCS Exercises 94.0
To be used for RDJTF, outside CONUS, field training exercises (FTX).

22. Desert and Mountain Unit Training 10.0
Supports RDJTF by training units in desert and mountain environments.

23. RDF Headquarters Construction 9.0
Provides construction to house the JCS activated RDJTF HQ in January 1980. Failure to construct these support facilities will prevent full implementation and exploitation of the RDJTF concept.

24. RDJTF Communications Equipment 9.0
Provides the Air Force Share (1/3) of the resources for improvements to the Joint Communications Support Element for the RDJTF.

25. Mobilization/Rescue Readiness 19.0
Procures 5,150 463L pallets and associated nets. Procures 480 night vision goggles for MAC helicopter crews for night/low visibility rescue operations. Procures off-the-shelf commercial equipment.

26. SAC SPF Modifications 29.6
Provides for internal bomb carriage enhancements to B-52H aircraft committed to RDJTF; continues program to increase conventional bomb carriage capacity; and provides testing for advanced avionics configuration to increase accuracy.

27. Joint Communication Support Element (JCSE) 8.3
Funds additional communications capability for the JCSE at the RDJTF.

REASSIGNMENT OF RDF UNITS

Senator Stevens: Will the deployment of the Rapid Deployment Force require the reassignment of any U.S.- or European-based units earmarked for NATO employment? Are there sufficient personnel and equipment to field both NATO and RDF troops simultaneously?

ANSWER: (Deleted.)

Air Reserve Forces Shortage in Critical Skills

Senator Stevens: Despite overall success in recruiting, the Air Reserve Forces remain short in certain critical skills. What are these skills and what initiatives are the reserves taking to address these shortfalls?
What are the costs of these initiatives?

Answer: The Air Reserve Forces have experienced shortages primarily in the following skills: Weather Specialists, Command and Control Systems Operations, Communication/Electronics, Aircraft Avionics Systems, Munitions and Weapons Maintenance, Environmental Control Specialists, Transportation Packaging, Munitions Supply Inventory Management, Logistics Plans, Security Police, and Aircraft Maintenance.

The Air National Guard (ANG) is fully utilizing the various incentive programs as an initiative to improve manning in the skill shortage areas. The incentive program has helped the ANG to increase its manning in skill shortages from 80% (FY 79) to 87% FY 81 (to date). The ANG fully expects the incentive programs to help continue this upward trend during FY 82 and beyond. The ANG is also encouraging unit commanders to urge any of their personnel, who may be overage in their specialty, to cross-train into one of our skill shortages.

The Air Force Reserve is also utilizing the incentive programs to enhance recruiting and retention in the critical skills areas and expect to exceed 95% manning. In addition, the Air Force Reserve has an ongoing program to encourage personnel who are in non-critical skills to crosstrain into shortage skills. The Air Force Reserve has also initiated a weighted recruiting program whereby recruiters receive bonus points for recruiting critical skills. This is a no cost program that will, in addition to the funded incentives, enable the Air Force Reserve to meet its manning requirements.

The Air Reserve Forces have budgeted $10.4 Million (FY 82) for the use of incentives to increase enlistments and retention in our skill shortage areas.

A-10 AND F-4 TACTICAL FIGHTER SQUADRONS

Senator Stevens: The FY 82 Air Force Reserve budget includes a program to activate a third A-10 tactical fighter squadron and gain two additional F-4 Tactical Fighter Squadrons. Given the present problem of pilot retention, will these reserve aircraft be fully crewed and maintained?

ANSWER: The Air Force Reserve is confident that these units will be fully crewed and maintained. Presently, all established Reserve fighter units have their full complement of pilots and are generating sufficient sorties to satisfy peacetime training requirements. Two of the units mentioned are converting from other fighter type aircraft and, therefore, a cadre of experienced pilots and maintenance personnel are in-place awaiting the conversion. The third unit, an F-4 squadron, will be activating at a new location. Detailed activation planning is beginning now, a year in advance, to insure that all actions, especially recruiting, are accomplished in a timely manner. We anticipate that this unit will also be fully crewed and maintained.

The reference to the pilot retention problem is essentially an active force problem. The Air Force Reserve, in fact, benefits from the large pool of trained, prior-service pilots in the civilian economy, since it allows a broader base to recruit from.

Civilian Technician Conversion Program (ANG/AFR)

Senator Stevens: What is the genesis and present status of the civilian technician conversion program in both the Air National Guard and the Air Force Reserve?

Answer: House Report 95-1398 directed the Department of Defense to conduct a test of whether or not Reserve Component military personnel on active duty could be successfully hired to replace dual status technicians. The Air National Guard (ANG) and Air Force Reserve (AFR) completed civilian technician conversion testing on June 30, 1980. The Air Force in its subsequent report to OSD, recommended against conversion of the technician force and further recommended that each component be allowed to develop its required full time force mix based upon mission and readiness requirements, cost effectiveness, and their ability to recruit and retain required skills. The Defense Subcommittee of the House Appropriations Committee in a June 12th letter to the Secretary of Defense on FY81 DOD reprogramming requests, stipulated that "each reserve component will be free to determine the appropriate mix of full time military and military technicians."

MEDICAL OFFICER SHORTAGE IN RESERVE OCMPONENTS

Senator Stevens: The Air Force is currently short 304 medical officers in its reserve components. Mr. Meis has stated that initiation of a special pay program is needed to help reduce this shortage. What is the estimated cost of this program? Is it included in the FY 82 budget request?

ANSWER: The implementation of proposed special pays will cost:

	FY 82	FY 83	FY 84
RPA (in millions)	2.3	2.5	2.6

This is not included in the FY 82 Budget because it is a legislative contingency.

Modernization and Enhancement of ANG Weapons Systems

Senator Stevens: Please justify the $986,000 requested to provide the necessary manpower resulting from the modernization and enhancement of Air National Guard weapons systems.

Answer: During FY 82 five aircraft conversions are planned which impact on programmed strength levels. As older weapons systems are phased out and replaced with modern equipment, higher manpower levels are programmed to support the more sophisticated aspects of the newer aircraft. Two series changes, C-130 E to H and C-130 A to E, and 2 PAA (Primary Aircraft Authorization) changes, F-106 from 15 to 18 and OA-37 from 18 to 24 are also planned which further increase the strength levels. Further, the ANG is attempting to achieve 100% of the wartime requirement. Therefore overall strength increases are programmed to enhance existing ANG units.

Retention Rate For Air National Guard

Senator Stevens: The retention rate for the Air National Guard fell during FY 80, from 64.8% in FY 79 to 61.4% in FY 80. What is the Guard doing to address this problem, and what are the associated costs?

Answer: In order to increase retention rates, the ANG programmed 96 full-time military Base Career Advisors (retention NCO's) into the FY 81 budget. The selection and training process is currently under way and some retention NCO's are now in the field. It is anticipated that they will all be on board during FY 82 at a cost of $1.9 million.

INFLATION IN FY 82 AIR FORCE RESERVE BUDGET

Senator Stevens. Over $1 million of the FY 82 Air Force Reserve budget is devoted to inflation. In what way was this figure determined?

Answer. The FY 1982 transportation requirement for Reserve training was increased 9.1% in accordance with OSD guidance on inflation indices. This resulted in an approved estimate of $1,063 million for transportation price increases during FY 1982. This amount was subsequently reduced $252 thousands as the Air Force Reserve share of an Office of Management and Budget reduction to travel costs. The FY 1982 average rate for subsistence-in-kind increased $.40 cents over FY 1981 which computes to an increase of $274 thousand. Summary of adjustments is as follows:

Transportation	$+1,063
Subsistence-in-Kind	+274
OMB Travel Reduction	-252
Total	$+1,085

ACCESSION AND CONTINUATION BONUSES FOR ENGINEERS

Senator STEVENS. You mentioned the Air Force problem of military and civilian engineers. Is that correct?

General USHER. That is correct.

Senator STEVENS. There are not any special pay or bonus or promotion incentives to engineers. I am told that there is no funding for an engineer bonus program included in this fiscal year 1982 budget request. Is that right?

General USHER. That is correct, sir. We have to get that type of accession bonus and continuation bonus for military engineers authorized by the authorizing committee. We are hopeful that that will occur.

Senator STEVENS. Is it in this bill that is on the floor now?

General USHER. No, sir. It is not. It is being considered in both the House Armed Services Committee and the Senate Armed Services Committee as a separate piece of legislation. The House Armed Services Committee has, I understand, yesterday passed through full committee the so-called Armed Forces Pay Act of 1981, and that would include an accession bonus of up to $15,000 for an engineer and a continuation bonus of $3,000 a year for continued service beyond the end of initial obligation which normally, in the case of engineers, is 4 years.

Senator STEVENS. Did you say a $15,000 bonus on enlistment?

General USHER. Yes, sir, on commissioning into active duty. This recognizes the fact, Mr. Chairman, that the starting salary of engineers coming out of college these days, because there is such a serious shortage of engineers in this country and a growing one, is about $21,000. We just received some information yesterday on a new survey that was done by the Endicott organization. They are now saying the starting salary being offered engineers coming out of college this year is about $22,600, reflecting the shortage.

We produce about 58,000 engineers in this country per annum, and civilian and military demand is just outstripping that.

We can offer a second lieutenant coming on active duty the regular military compensation of about $15,400. That is if we can take him on for the minimum of 4 years. So with the $15,000, we try to balance that off if we can in terms of an accession bonus.

Similarly we have begun to see, as have universities, that industry is taking away people in midcareer, if you will. And we feel it is necessary at least to have on the shelf an authority that we can pay modest continuation bonus to try to keep people with us after their initial obligation.

Senator STEVENS. Most of these people are receiving the basic educational opportunity grant while they are in college, and after we pay their tuition to send them to college we are going to pay them $15,000 bonus to come to work for the Air Force, is that right?

What are you doing about exploring the concept of trying to put some of your enlisted people or junior officers through engineering training?

ROTC ENGINEERING SCHOLARSHIPS

General USHER. We have a number of such initiatives in process and they are beginning to pay off. But they are the long-term payoff kind. For instance, we have the Air Force ROTC scholarship of which we are authorized a total of 6,500. We have skewed those ROTC scholarships almost totally toward the procurement of engineers, scientists, and people with technical skills. But those scholarships get applied to a 2-, 3-, or 4-year program and it takes a while for those to yield. That is the first thing.

COMMISSIONING PROGRAM

You mentioned the commissioning program. We are indeed skewing the airmen education and commissioning program in that direction. But of course with the requirement for the requisite mathematics and other basic science courses before going into engineering, the field of eligibles, if you will, who can go into that program and come out with a technical degree is somewhat limited, because the on-base, for instance, after-duty education that would help these people get prepared for such a program often just can't include laboratory courses and other things.

Senator STEVENS. Can they not move on to campus after they complete some basic courses?

General USHER. They can, and we use every opportunity to take advantage of that if we can.

Senator STEVENS. Senator Schmitt wrote me a letter on this and asked me to look into it. We are going to see about some initiatives that we might start in this committee. We may even have the bill pending now to try to tie down some of this money that is being paid to students as they are going to colleges and universities to an obligation to some type of service.

It seems to me that we have to start doing something about starting to fill the pipeline without relying constantly on bonuses.

General USHER. Yes, sir. We would agree with you that that is the long-term solution. But an even longer term concern is the fact that we are so short of engineers in this country, and production of engineers is considerably lower than that which is going to be required both by the military and civilian industry. We are falling behind.

Senator STEVENS. Senator Schmitt and the staff may be in touch with you on this.

General USHER. We would be very happy to talk to them.

PHYSICIANS' ASSISTANTS PROGRAM

Senator STEVENS. What about the demand for physicians? What are you doing on that? Particularly I am told you have some physicians' assistants program. What is that?

General USHER. If I might address just the physicians, of course the physician pay bill that was enacted a little less than a year ago and put into effect about last July has had its effect certainly in retaining many of the people we have and in attracting people to the Air Force.

We still have a continuing problem with specialists, surgeons and such to get those numbers. Again a long-term solution is through

the uniform services university health sciences, in other words growing our own, the health professional scholarship program and funded residency programs. But again it is going to be a tough challenge to get the numbers and distribution of specialists that we need.

With respect to physicians' assistants in the Air Force, we now have about 417 who are commissioned officers and another 22 who are noncommissioned officers, for a total of 439. We hope eventually to go to about 660. We find physicians' assistants are very helpful to us in expanding the amount of care that we can provide. We use them particularly in fixed installations and most particularly in family practice modules. They work out very well for us.

We believe they should be commissioned because they take their place along with other commissioned health professionals. For instance they work with and can direct nurses and other health professionals who are commissioned officers.

Senator STEVENS. What are the qualifications for an assistant?

General USHER. If we take a noncommissioned officer, we start off with a relatively senior medical technician, send him through a full year's academic program and a further year of what they call practicum. Then we put them under the supervision of a physician.

It is a growing practice in this country for physicians' assistants to be trained in public institutions and they are awarded a baccalaureate degree.

We would hope, through commissioning for example, to rely more and more on the private sector for trained physicians' assistants and get out of the business of training. As time goes on, we think that will be cost effective, but the key to that is commissioning. I do not believe we would be able to attract from the private sector trained physicians' assistants without affording the opportunity to be commissioned.

PRIORITY ITEMS TO ACHIEVE PAY COMPARABILITY

Senator STEVENS. Mr. Meis, what is the top priority for the Air Force in terms of the incentives, the allowances and bonuses and what not that you have developed for restoration of the pay comparability? What would you say would be the most effective thing we could do to assist in that regard?

Mr. MEIS. I think obviously pay comparability itself would be number one, at least in my experience in talking to people in the field, and second to pay I believe is the opportunity for some educational incentives or opportunities. Then of course the correct PCS type of an arrangement where they are in fact reimbursed for the expenses incurred. As General Usher indicated, this is a negative compensation as it presently stands.

Then I would talk quality of life items, I think it is particularly relevant in the oversea areas where we need to provide, as an example, adequate family housing, dormitories that are livable, so to speak, things of that nature. And I think they would fall generally in that priority.

First, pay; second, educational incentives; third, the PCS. Or you might reverse Nos. 2 and 3. There are some hazard pay considerations including the flight pay. And then medical care is important to provide in particular under CHAMPUS or in-house dental care

for dependents, and then get into the quality of life housing and living conditions, working conditions.

I believe I would prioritize them in about that manner.

Senator STEVENS. You and the General have each stated that if we approve the 5.3, there will be comparablity in July, right?

Mr. MEIS. Right.

Senator STEVENS. So then if that is the case, by definition by the time you get to 9.1 percent you will be ahead of comparability, is that right?

General USHER. No, sir. That will maintain it.

Senator STEVENS. The 9.1 percent is based upon a study that was completed in March, and it would bring about comparability theoretically as of October for the people who get the 9.1 percent. Is that not right?

General USHER. Actually the PATC survey that goes from January to June and uses a March 15 midpoint is actually measuring the rate of wage growth during the previous year. So to the extent that that cutoff point comes, let's say, on April 1, then by the time the pay raise takes effect on October 1, you are actually 6-months behind what inflation has actually occurred between April 1 and October 1.

Senator STEVENS. It is the same thing for civilians. All comparability has some lag.

General USHER. That is true, but it is not ahead, certainly.

OBJECTIVE OF 5.3 PERCENT PAY INCREASE

Senator STEVENS. Was it the objective of the 5.3 percent to put you ahead of the curve as far as the comparability is concerned?

General USHER. No, sir. It is just recognizing the fact that since 1972 with the various pay caps and reallocations that have occurred in 1975, 1976, 1977, 1978, and 1979, that military compensation even with the 11.7 percent last October has remained 5.3 percent behind that comparability mechanism.

Senator STEVENS. Comparability with what, the civilian sector?

General USHER. It is comparability with the so-called professional administrative, technical, and clerical workers survey group.

Senator STEVENS. Does that include Federal civilian employees?

General USHER. No. The percentage is obtained from the civilian sector and moved through the civil service and then to military.

Senator STEVENS. I am Chairman also of the Civil Service Subcommittee. We did not get a similar recommendation of comparability for the civilian sector as far as 5.3 percent. This 5.3 came about when the new administration came in and asked for it. I am trying to figure out where it came from. What is it comparable to?

Mr. MEIS. Actually from 1972 up until last year, because of pay caps, et cetera, we were lagging behind the comparability aspect of it to the tune of about 17-point-some percent.

Senator STEVENS. So were the civilians.

Mr. MEIS. Right.

Senator STEVENS. So what makes the distinction for the military for the 5.3 percent? Were you discriminated against in any period of time as compared to civilians? I do not know of any time that you were.

Mr. MEIS. I would not characterize it that way. I think the 5.3 percent was the difference between the 11.7 percent that we got and what it would have taken at that time to restore full comparability. That is what we were seeking.

[The information follows:]

CLARIFICATION OF 5.3% MILITARY PAY RAISE

Since 1967, military pay raises have been tied by law directly to the average salary increases received by federal General Schedule (GS) employees. The appropriate annual percentage increase for the GS is determined by means of a survey of salary changes for Professional, Administrative, Technical and Clerical (PATC) workers in the private sector which is intended to be representative of the GS occupational profile. This percentage is then applied to increase each element of military compensation (basic pay, basic allowance for quarters, basic allowance for subsistence) by an equal percentage.

In 1971 and 1972, in conjunction with the transition to the All Volunteer Force, military members received pay raises that increased military pay to levels that were reasonably comparable to PATC for equivalent levels of work. As an expedient, the statutory linkage between military and federal civilian pay raises was retained since it was contemplated that the pay raise mechanism would preserve the military-PATC relationship. For several years, the direct linkage of military and GS pay increases worked well in providing military personnel annual pay raises comparable to those of PATC workers. However, beginning in the mid-1970s, three Presidential pay raise caps (in 1975, 1978, and in 1979) were imposed in response to the national economic situation and to set an example of fiscal restraint for the private sector. These pay caps, combined with a 1976 change in the comparability computation methodology for GS employees, resulted in military personnel receiving military pay raises substantially less than the cumulative adjustment in the PATC index.

The following table compares cumulative military pay increases with various wage and price increases since 1 January 1972 when military pay comparability was established:

YEAR	CPI	PATC	MIL RMC *	BLUE COLLAR	FED CIV
1972	103.4	105.8	106.0	108.6	105.1
1973	112.5	111.5	113.7	112.6	110.2
1974	126.2	118.7	120.0	123.5	116.2
1975	135.1	129.3	126.0	136.6	122.1
1976	141.6	138.4	132.0	152.5	127.9
1977	151.2	147.9	141.4	165.0	137.0
1978	164.8	159.6	149.2	180.5	144.5
1979	186.8	172.1	159.7	193.5	154.6
1980	204.6	187.8	178.4	205.5	168.7
Relationship to RMC:	+14.7%	+5.3%	-	+15.2%	-5.7%
Relationship to Fed Civ:	+21.3%	+11.3%	+5.7%	+21.8%	-

*Regular Military Compensation (RMC): Includes Basic Pay, Basic Allowance for Quarters, Basic Allowance for Subsistence, and the tax advantage which accrues because the two allowances are not subject to Federal Income Tax.

On a purely percentage increase basis federal civilian pay lags the PATC increases by 11.3%; however, in 1976 the baseline for federal civilian comparability with PATC was changed when the President's Pay Agent adopted a revised data weighting system, which served to effectively redefine "comparability", thereby eliminating the deficit from the 1975 cap and yielding smaller pay raises, for all subsequent years, than the 1972 baseline would have. Therefore, using the President's Pay Agent calculations and the 1976 comparability base, an additive 4.0% increase (the lag since 1976), plus the percentage increase attributable to the private sector wage growth from March 1980 - March 1981, would be required to restore comparability between federal civilians and PATC.

The 5.3% additive military pay raise proposed for 1 Jul 81 and the 9.1% military raise projected for 1 Oct 81 (based on estimated PATC growth from 1980-1981) will not cause military increases to exceed the growth in private sector salaries since 1972. In fact these are the minimum adjustments needed to restore pay comparability. A recent OSD study on the adequacy of military pay found that depending on the private sector benchmark used, as of 1 Oct 80, military pay lagged from 5.3% to 15.2% behind wage growth and 14.7% behind inflation. Assuming the projected 9.1% increase in PATC (data available 1 Jul 81) is correct, the October 1981 military pay raise would have to be 14.9% (i.e., 5.3% x 9.1%) to restore military pay to levels that are reasonably comparable to those of PATC workers. It would not compensate for the 6 month lag between PATC raises (March base) and military pay raises (October base) nor restore the purchasing power lost since 1972.

The Administration proposal to change the pay raise methodology for federal civilians and depress future pay increases to establish overall GS pay at levels equivalent to 94% of non-federal total compensation will widen the difference between military and federal civilian pay increases. If enacted, this change is expected to yield significantly lower GS raises in the future (i.e., 4.8% Oct 81 vice 9.1%).

In light of increased military manpower requirements, the declining manpower pool and growing industry demand for expensively trained and highly experienced personnel, and to preclude recurrence of serious retention problems that plagued all Services in FY 78 and FY 79, the Services have indicated a desire to shift the military pay raise linkage from PATC to a different private sector survey base which is more representative of the military job specialty profile than the PATC data. A recent OSD Pay Study (1981) examined a variety of alternative linkages, and identified a combination of PATC (white collar) and blue collar occupations, as measured by Area Wage Survey (AWS), as providing a more accurate representation of military skills. The PATC wage survey --developed to represent the GS occupational profile -- only represents about 12% of military skills, while the combination PATC/AWS index would cover about 75% of military skills (since many of the jobs for enlisted members are similar to blue collar occupations). Using the more representative PATC/AWS benchmark, military pay would still lag private sector salary increases by about 6%, even after the proposed 5.3% and 9.1% increases.

COMPARABILITY OF CIVILIAN PAY INCREASES

Senator STEVENS. But at the same time you got 11.7 percent, the civilians got 9.1 percent. They were 2.6 percent off then as far as comparability is concerned, compared to you. I am trying to get some rationale as to how this 5.3 percent is necessary. You are under the same comparability statute as civilians.

General USHER. We are related to it, that is correct.

Senator STEVENS. There is no difference. How did the 5.3 percent get triggered?

General USHER. The 5.3 percent got triggered because of the lags that have occurred to military pay as a consequence of pay caps and reallocations that have occurred over the years since 1972. I think it might help to say that when we started off on the All-Volunteer Force, it was made clear at the time, if my study of the history is correct, that we would in fact have to maintain comparability with the private sector in order for it to work the way it was designed to work.

Senator STEVENS. I agree, but we never drafted civilians into the Government service and there is no similar concept as far as civilians. I really cannot grasp why, if we have the 5.3 percent in July, that the full 9.1 percent is required in the fall as far as comparability is concerned for the military.

General USHER. The PATC survey, I think sir, will show that about 9.1 or 9.2 percent reflects the PATC growth that has occurred over the last year.

Senator STEVENS. That is correct, and we decided that for the civilians that would be 4.8. But at the time that was made, incidentally, the request for 5.3 percent was not before us. And I want to find out if there is a redundancy here.

General USHER. No, sir, there is not.

Mr. MEIS. But I think the point you are making is obviously our 5.3 percent that we are seeking is to achieve comparability, and we are focusing in on military obviously, military readiness, realizing that we are not focusing to the same extent on the civilian force, because the civilian force and the pay caps apply Government-wide, so to speak.

Senator STEVENS. You are under the same pay cap as the civilians. This will not take the pay cap off the military. This will just increase your problem, as a matter of fact, under the pay cap because you are moving up under compression faster than civilians.

PAY COMPARABILITY STUDY

Has there been any study now of comparability? What will happen in October if we do approve the 5.3 percent and we approve the 9.1 percent for the military? Has there been any study since March as to what will happen with this money in terms of comparability?

General USHER. That will essentially maintain——

Senator STEVENS. That is not my question. I know about the study in March. I went through that in the other subcommittee, and that affects you too.

But now you are going to have 5.3 percent and you are going to get the 9.1 percent too under the proposal. Has there been any

study as to what that will do in terms of comparability for the military in October? Has anyone really run the numbers on it to see whether you will in fact be comparable, ahead of the curve or behind the curve as far as comparability is concerned?

General USHER. Yes, sir. As far as each year the Department of Defense is required to comment to the Congress on the adequacy of military pay. It is a report that is made to the authorizing committees at the end of March.

Senator STEVENS. That is based on the March study.

General USHER. It is actually independent of that particular study because the study leads up to the President making his pay recommendations. But this annual report on the adequacy of military pay took into account the 5.3 perent and 9.1 percent and did reflect an examination of those numbers that said in fact we would regain and would be maintaining comparability on a level that was established by law in 1972.

Senator STEVENS. I would like to see a copy of that study.

General USHER. All right. It is a brief exposition, and we can provide that for the record. It was signed out by the Office of the Secretary of Defense.

[The information follows:]

SECDEF PAY STUDY

On 1 April 1981, the Acting Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics submitted a report on the adequacy of pay and allowances of the armed forces in compliance with the provisions of section 1008(a) of title 37, United States Code and a report on the pay adjustment mechanism for military pay in compliance with the provisions of Section 802 of Public Law 96-342. The texts of these two reports follow:

ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

1 April 1981

Honorable Thomas P. O'Neill, Jr.
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

This report on the adequacy of pay and allowances of the armed forces is submitted in compliance with the provisions of section 1008(a) of title 37, United States Code. This section provides that the President shall direct a review of the adequacy of pay and allowances for members of the uniformed services, and shall submit to the Congress a detailed report summarizing the results of such an annual review, together with any recommendations for adjustments in the rates of pay and allowances authorized under title 37, United States Code.

A number of significant improvements were made in military compensation during the past year. These improvements were made in recognition of the fact that, as a result of past constraints in military compensation such as pay raise caps, the Services were finding it increasingly difficult to attract and retain the numbers and quality of personnel necessary to meet their manpower requirements. The major initiatives were: a temporary suspension of the linkage between military and General Schedule (GS) pay raises to provide military personnel on October 1, 1980, an 11.7 percent pay raise instead of the 9.1 percent given to the GS; authority to pay a Variable Housing Allowance (VHA) to members in CONUS; a 10 percent increase in the basic allowance for subsistence; a 25 percent increase in Aviation Career Incentive Pay and enlisted flight pay; substantial increases in submarine pay, sea pay, and enlistment and reenlistment bonus authority; and an increase in reimbursement for expenses resulting from Permanent Change of Station (PCS) moves.

Despite these substantial compensation improvements, we believe further initiatives are necessary to once again make military service an attractive career choice.

Our conclusions are:

o From January 1972 through September 1980, military pay raises lagged behind private sector increases and the Consumer

Price Index. The improvements made last fall reduced this deficit and helped considerably. However, military pay is still inadequate in terms of its ability to attract and retain the numbers and kinds of people we need to meet our defense posture and national security requirements over the long term. A further pay raise of 5.3 percent is required, in addition to the annual October adjustment, to restore military pay to the approximate relationship with private sector pay established in 1972 upon implementation of the All-Volunteer Force. This across-the-board pay raise will reach everyone and will send a strong signal to our service men and women that the government intends to pay them fairly. It is estimated that retention in the career force will be improved by an additional 15,000 by the end of FY 1982.

o Military members continue to experience significant out-of-pocket costs when directed on permanent change-of-station (PCS) moves, and further reimbursement increases are necessary to alleviate this condition.

o Although FY 1981 trends in accession and retention are encouraging, several years of sustained improvement will be necessary to meet our requirements. Recent improvements in these statistics could prove transient with an improvement in the economy or if important remaining compensation problem areas are not addressed.

The long-standing military compensation deficiencies still exist and the President and the Secretary of Defense are committed to alleviating them. Secretary Weinberger has pledged to give our men and women in the armed forces the compensation and lifestyle they deserve in recognition of the sacrifices they make for all of us. We believe the most important step that we can take to communicate this commitment to military members is to restore their pay immediately to a level of comparability with private sector pay. For that reason, we have submitted legislation to increase pay of the armed forces by 5.3 percent on July 1, 1981.

In addition to the 5.3 percent pay raise, there are several nonlegislative actions that are necessary to enhance the military compensation and reimbursement system. These include: an additional $91 million to provide more adequate PCS reimbursements by increasing the current monetary allowance in lieu of transportation (MALT) from 7 to 16 cents per mile and the current per diem rate from $35 to $50 per day. This increase will be effective July 1, 1981. In FY 1982 we propose payment of a partial cost-of-living allowance (COLA) to unaccompanied personnel overseas who are quartered and subsisted in-kind. Personnel in this category will be paid a COLA at 47 percent of the rate payable to personnel without dependents living on the economy. This initiative will remove an unfair and unwarranted distinction in the way we treat unaccompanied personnel overseas. An additional $57 million in FY 81 and $77 million in FY 82 is required for continuation bonuses to help stem the loss of expensively trained and highly experienced aviation officers. An additional $44 million is budgeted in FY 1982 to provide Shortage Specialty Pay to careerists in critical skills and to E-6 through E-8 personnel in combat leadership positions (squad leaders, platoon sergeants, and first sergeants). Payment would range from $75 to $150 per month, depending on skill and grade level.

We will also be submitting a number of legislative proposals to the Congress for FY 1982. We are currently looking very closely at a number of proposals. I urge that these legislative proposals, once submitted, be favorably and expeditiously acted upon by the Congress.

Adequately manning the military force to meet our Defense requirements is a dynamic problem which requires our constant attention. Many variables impact upon our ability to attract

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and retain the requisite number and quality of personnel, such as changing force size and skill mix, the general state of the economy, and the attitude of the American public toward military service. Certainly one of the major factors, if not the most important, is the need for a compensation system which provides our servicemembers a reasonable standard of living and which is competitive with the civilian sector. It is our judgment that with the major compensation improvements which have been made in the past year, plus those actions that we are now taking and asking Congress to support, military compensation will be adequate to provide the necessary military personnel to meet our Defense requirements.

Sincerely,

Robert A. Stone

Robert A. Stone
Acting Assistant Secretary
of Defense (MRA&L)

ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

1 April 1981

Honorable Thomas P. O'Neill, Jr.
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

This report on the pay adjustment mechanism for military personnel is submitted in compliance with the provisions of Section 802 of Public Law 96-342. This Section provides that: "The President shall submit to the Congress not later than April 1, 1981, such recommendations as he considers necessary or appropriate to improve the method for determining adjustments in the pay and allowances for members of the uniformed services."

Since 1967, military pay raises, under law, have been tied directly to the average salary increases received by Federal Government General Schedule (GS) employees. Because the GS employees' pay system is designed to maintain comparability with the private sector, this direct linkage of military and GS pay increases should theoretically insure that military pay keeps pace with pay growth in the private sector. The appropriate annual percentage increase for the GS is determined by means of a survey of salary changes for selected occupations in the private sector. This survey, which measures pay levels for Professional, Administrative, Technical, and Clerical (PATC) workers, is conducted from January through May of each year. As the name implies, the occupations covered in the PATC are essentially those of white collar workers.

For several years, the direct linkage of military and GS pay increases worked well in providing military personnel annual

pay raises comparable to those of PATC workers. However, beginning in the mid-1970s, three Presidential pay raise caps (in 1975, 1978, and 1979) were imposed in response to the national economic situation and to set an example of fiscal restraint for the private sector. These pay caps, combined with a 1976 change in the comparability computation methodology for GS employees, resulted in military personnel receiving military pay raises substantially less than the cumulative adjustment in the PATC index. At the same time, our long-range need for experienced personnel was increasing and there was a deterioration in the number and the quality of military recruits. This situation reached the point that, for the October 1980 pay raise, the linkage between military and GS pay raises was temporarily suspended and military personnel were provided an 11.7 percent pay raise instead of the 9.1 percent received by GS workers. At the same time, the Congress directed the President to submit by April 1, 1981, recommendations on improving the pay adjustment process for military personnel.

A fundamental problem with the current process -- the absence of direct linkage between military and private sector pay raises -- had been recognized even before the Congress directed this report. In 1979, the previous Administration submitted to the Congress legislation which would have established a total compensation comparability system for federal civilians and, at the same time, tied annual military pay raise percentages directly to annual increases in the PATC index.

I believe that military pay raises should be linked directly with private sector increases. Indeed, the Administration has already proposed in the Federal Employees' Compensation Reform Act to link military pay increases directly to PATC salary increases. Nevertheless, in the long term we may want to shift the direct linkage to an index more representative than the PATC. Since large numbers of enlisted job specialties encompass blue collar skills, a different private sector survey base could be developed that is more representative of the military job specialty profile than the PATC "white collar only" data. There are several indexes that are potentially useful as pay adjustment mechanisms, and a combination of the PATC and a blue collar wage index such as the Area Wage Survey (AWS) appears particularly promising. However, before a specific proposal can be made to the Congress, further effort is required to refine military and civilian job specialty matches and to develop an appropriate methodology for aggregating data from different survey sources. In the meantime, a direct linkage to the PATC provides an acceptable solution.

With each one percent increase in military pay currently costing about $315 million, we want to be very sure that any pay adjustment mechanism we recommend is well thought out and technically sound, one that ensures comparable pay for our military personnel but at the same time is also fair to the American taxpayer. With this in mind, we will continue our evaluation of alternative pay raise adjustment mechanisms with a view toward using a revised mechanism in the future.

We are advised that the Office of Management and Budget is considering a proposal that pay adjustments for the nonmilitary uniformed services (the Public Health Service Commissioned Corps and the National Oceanic and Atmospheric Administration Commissioned Corps) should continue to be linked to those for the General Schedule.

Sincerely,

Robert A. Stone

Robert A. Stone
Acting Assistant Secretary
of Defense (MRA&L)

BONUSES VERSUS PERCENTAGE INCREASES

Senator STEVENS. Mr. Meis, you have indicated a need for this comparability to retain your people. But you have also some stress in your statement on bonuses and incentive payments such as we have passed last year.

I am sorry some of the other members are not here. The impression was gathered the other day and I had a similar impression that military pay is becoming a little bonus oriented, and we questioned whether these bonuses would be better served by percentage increases such as 5.3. In other words are they a disincentive to those who do not get them? When you become selective in terms of particular skills, is it a disincentive to those skills who do not get the bonuses as far as retention is concerned?

Mr. MEIS. We do not think so. Our experience has been where we apply the bonuses to critical skills on the selective and as-required basis to maintain our strength levels, to maintain our combat capability and so on, it has not had that adverse affect.

Senator STEVENS. You have not asked for bonuses for your pilots for instance, and yet you are 1,100 short, are you not?

General USHER. We have asked for a bonus for pilots for continuation, not for accession.

FLIGHT PAY

Senator STEVENS. Did you ask for a flight bonus like the Navy did?

General USHER. Yes, sir, we did in the fiscal 1981 supplemental and further funding in the 1982 revised budget.

Senator STEVENS. Which would you put the priority on, the overall increase in flight pay or the bonus?

Mr. MEIS. The increase in flight pay. I was going to say for the record I believe it is the Air Force position that the increase in flight pay, that concept, that procedure has served us well over the years, and it would avoid any disparity with respect to that category of selective application of the bonus. But in the absence of the increased flight pay, we feel a bonus would be very beneficial to us in retaining the force.

Senator STEVENS. We took that position when we marked up the supplemental and sent it to full committee. But the Navy wanted a bonus payment for retention problems, and they did not stress flight pay but they stressed the bonus for retention problem.

Have you done any comparison of the Navy's problems to your problems? You have less of a retention problem, incidentally, than they do. They may be right, and they may be wrong. We do not quite understand.

We also believe there would be a disincentive to other Services if we initiated a bonus for flight service in just one Service as compared to others, and we went for the increased flight pay across the board.

General USHER. If I may, I would like to make a couple of points on that.

First of all we have supported both an increase in aviation career incentive pay, which is flight pay, for both officers and enlisted air crew members of another 25 percent. And we have also, along with the Navy, supported having authority for an aviator continuation

bonus. We believe with the kinds of deficits that we have and the expectation that they are going to continue to grow, particularly if the airlines start to hire, we basically need both of those: An increase in aviation career incentive pay and an increase in the bonus.

Point No. 2, we find that the House Appropriations Committee, as we understand it, has taken the position that a bonus should be paid if it is authorized or the money is appropriated for it—it is already authorized—should be paid only to pilots in the Air Force and pilots in the Navy and not to navigators in the Air Force or naval flight officers in the Navy.

We would find that situation to be untenable for us inasmuch as we have integrated crews, navigators, and pilots, all involved in doing the same mission. It is very difficult to say if the radar bombardier on a B–52 is more responsible or less responsible for putting the bomb on target than the pilot.

We do have demonstrable and growing shortages of navigators in the Air Force, and we need to look to that. We have situations where we have navigators as flight commanders on the ground and operations officers as squadron commanders, and we think that would be a serious situation if they were paid less than the people working for them.

So if there is to be a bonus, we feel that it should be across the board. We do feel that it would be important to us because of these shortages as a quick way of improving retention, our analysis shows. But we think for the long term the best thing is an improvement in aviation career incentive pay.

Senator STEVENS. I asked previously for a comparison of your enlisted and officer grades with the pay raise that has already been completed beginning with the 11.7 percent. That has already been done. What is going to happen to the 5.3 percent? And then what is going to happen to the 9.1 percent? And then put the last one in comparison with your civilian counterparts in the Department of Defense.

Did we get that?

Mr. BONNER. No, sir, we did not.

Senator STEVENS. I would still like to see it. I believe we are going to find some additional problems.

[The information follows:]

PAY TABLE COMPARISONS

Development of precise, direct comparisons between military pay and that provided to General Schedule and Wage Grade/Wage Supervisor federal employees is not possible since there is no precise equivalence between the duties and responsibilities of military vs federal employees in specific grades. Further, no statutory linkage exists between the military and private sector to determine by-grade pay levels for equivalent levels of work, experience and responsibility. In lieu of these standards, 37 USC 1009 provides that military members should receive the same average annual increases provided to federal civilians, thus affording military people an indirect linkage with increases in private sector "white collar" occupations as measured by the Bureau of Labor Statistics survey of Professional, Administrative, Technical and Clerical (PATC) workers. However, subsequent study has shown that the PATC occupations only represent the types of work performed in about 12% of military occupations and skills. The experience, skills, and level of work performed in the remaining 88% of military specialties are more closely related to the "blue collar" sector or to unique military requirements not found in the private sector and are not currently considered in the military pay process.

Two Quadrennial Reviews of Military Compensation (QRMC) and a recent OSD Pay Study have established some illustrative relationships between selected military enlisted and officer pay grades and General Schedule and Wage Grade/Wage Supervisor equivalent grades. To establish these equivalent estimates, detailed job studies were conducted, incorporating the Hay Relative Positioning System, which compared the job content and difficulty level of military, General Schedule, and Wage Board jobs and tasks. (These studies were complicated by the fact that the military system does not have the same number of pay grades as the federal Civil Service system -- 18 GS grades vs 9 enlisted and 10 officer grades; Wage Board has 15 grades compared to 9 military enlisted grades). Using the data obtained from the job evaluations, the study determined the relative position of military pay grades with respect to those assigned to Civil Service GS and WG jobs. In general, these studies determined that enlisted military occupations are a mixture of "blue collar" and "white collar" jobs, while military officer occupations have a greater relationship to "white collar" positions.

Based upon these data, the study established the following relative positioning of military/civilian grades:

Military Grade	Relative General Schedule Equivalent	Relative Wage Board Equivalent
E-3	13% between GS-3 and GS-5	79% between WG-5 and WG-6
E-5	26% between GS-5 and GS-7	84% between WG-8 and WG-10
E-7	18% between GS-7 and GS-9	24% between WS-9 and WS-10
O-2	14% between GS-9 and GS-11	Not Applicable
O-5	GS-14	Not Applicable

For the purposes of this response, these selected grade relationships were used in computing the following military/civilian pay comparisons:

TABLE 1: Current Military versus Federal Civilian Pay (1 Oct 80)

General Schedule Equivalent Grade/Pay	Military Grade/Regular Military Compensation*	Wage Board Pay Equivalent
13% between GS-3 and GS-5 $11,438	E-3 (over 2 yrs of service and 0 dependents) $10,989	79% between WG-5 and WG-6 $16,932
26% between GS-5 and GS-7 $14,764	E-5 (over 6 yrs of service and 2 dependents) $14,783	84% between WG-8 and WG-10 $20,142
18% between GS-7 and GS-9 $17,910	E-7 (over 14 yrs of service and 3 dependents) $19,604	24% between WS-9 and WS-10 $25,914
14% between GS-9 and GS-11 $21,684	O-2 (over 2 yrs of service and 1 dependent) $19,909	Not Applicable
GS-14 $42,919	O-5 (over 16 yrs of service and 3 dependents) $38,566	Not Applicable

* Regular Military Compensation (RMC), including Basic Pay, Basic Allowance for Quarters, Basic Allowance for Subsistence and the tax advantage which accrues because the allowances are not subject to Federal Income Tax.

TABLE 2: Comparison of Military Pay and Equivalent Civilian Pay with 5.3% Military Pay Raise Effective 1 July 1981

General Schedule Equivalent Grade/Pay	Military Grade/Regular Military Compensation	Wage Board Pay Equivalent
$11,438 (GS-3/GS-5)	$11,587 (E-3)	$16,932(WG-5/WG-6)
$14,764 (GS-5/GS-7)	$15,532 (E-5)	$20,142(WG-8/WG-10)
$17,910 (GS-7/GS-9)	$20,702 (E-7)	$25,914 (WS-9/WS-10)
$21,684 (GS-9/GS-11)	$21,001 (O-2)	Not Applicable
$42,919 (GS-14)	$40,916 (O-5)	Not Applicable

TABLE 3: Comparison of Military Pay and Equivalent Civilian Pay with 5.3% (1 Jul 81) and 9.1% Military Pay Raise 1 Oct 81 and 4.8% Civilian Pay Raise Effective 1 Oct 81

General Schedule Equivalent Grade/Pay	Military Grade/Regular Military Compensation	Wage Board/Pay Equivalent
$11,987 (GS-3/GS-5)	$12,698 (E-3)	$17,745 (WG-5/WG-6)
$15,473 (GS-5/GS-7)	$17,012 (E-5)	$21,109 (WG-8/WG-10)
$18,770 (GS-7/GS-9)	$22,720 (E-7)	$27,158 (WS-9/WS-10)
$22,725 (GS-9/GS-11)	$23,017 (O-2)	Not Applicable
$44,979 (GS-14)	$45,283 (O-5)	Not Applicable

Because enlisted military occupations involve a combination of white collar and blue collar jobs, it is not practical to equate them exclusively to either the General Schedule (white collar) or the Wage Grade/Wage Supervisor (blue collar) segments. Hence, it is logical that military pay levels should fall somewhere between these two job classification categories. However, as the data also show, the current linkage to only the General Schedule segment has caused depression of military pay levels in that it does not take into account the substantial portion of military specialties that encompass blue collar skills.

This fundamental problem with the current military pay raise process -- the absence of direct linkage between military and private sector pay raises -- has been recognized by the Department of Defense. A recent OSD Pay Study has determined that: (1) military pay raises should be linked directly with private sector increases rather than to the federal General Schedule employees; (2) since large numbers of military occupations and skills encompass blue collar skills, a different private sector survey base should be used that is more representative of the military job specialty mix than the PATC "white collar only" data; and (3) various measures of civilian sector pay raises show that military pay lags up to 15.2% behind private sector pay increases since 1972.

TECHNICAL REPS EMPLOYED BY CIVILIAN CONTRACTORS

You have not had a similar example, at least brought to my attention, but the problem of those civilian tech reps that were Navy enlisted personnel, petty officers on board ship that converted from $20,000 a year jobs to $80,000 a man-year costs as far as civilian contracts were concerned was an alarming tip of an iceberg in my opinion.

Have you had any comparable concept as far as your people leaving the Air Force and actually doing the same job as employees of a civilian contractor?

General USHER. I am not personally familiar with any examples where that in fact has happened, although I am sure it has to a limited degree. We do make limited use of tech reps, particularly with the introduction of new weapon systems. We do that. But I think if I am not mistaken, the Navy perhaps makes greater use of tech reps.

In the broader sense though, yes, we are prey to technical jobs in the civilian sector. And we have difficult times retaining our highly skilled technical NCO's.

Senator STEVENS. Let's go to AWACS for instance. You probably do not have it right on the tip of your fingers, but I would like to know how many technical completed crews we have for AWACS. And if we sell those things to the Saudis and agree to send so many crews with them, how many are we going to have left? Are we increasing our problem as far as the maintenance of the AWACS if we sell those AWACS to the Saudis?

General USHER. We will be glad to provide those details for the record.

I would make one comment now. To my knowledge the delivery of those aircraft that we are talking about is planned for some years in the future. I think the expectation is that we would have the time to train the necessary people.

Senator STEVENS. I would like to see the plan for that. It seems to me that we could well be in a position of exporting our expertise.

[The information follows:]

AWACS TECH REPS

There are currently 32 AWACS line crews (17 men each). In addition, 12 crews can be formed from the instructor cadre and staff for a total of 44 crews. TAC projects a requirement to train 24 AWACS crews annually through 1986.

A training concept and plan for training of Saudi aircrews will not be developed until Congressional review of the proposed AWACS sale is completed; however, the USAF has taken a preliminary look at the problem and believes the training of Saudi aircrews can be absorbed with minimum impact on USAF training. Only a Saudi aircrew instructor cadre (3-4 crews) will be trained by the USAF in the CONUS. This training will begin as soon as RSAF personnel are made available for training. By beginning early and spreading the training effort over the three year period leading to aircraft delivery, the impact on USAF operational/training missions will be minimized to an acceptable level. Upon delivery of aircraft to Saudi Arabia, the RSAF cadre trained in the U.S., assisted by a USAF Technical Assistance Field Team (TAFT), will be responsible for training the remaining Saudi aircrews. The TAFT will consist of approximately 20 personnel.

Maintenance of U.S. AWACS aircraft will not be affected by this sale.

RECESS

Senator STEVENS. We will stand in recess, gentlemen. I have to go vote.

[Recess was taken.]

RETENTION GOALS

Senator STEVENS. Thank you, gentlemen.

You did not meet your retention goal for 1980, and you have not met the career reenlistment goals either. You mentioned that, and we have talked about the incentives and the bonuses and what not. But what else can you do on the retention goals for 1981 to see that we might meet them?

General USHER. First of all, we are doing somewhat better in fiscal year 1981 so far than we did in fiscal year 1980 as far as meeting our Air Force accession requirements, even though those entry requirements in number have increased since fiscal year 1980. But we have done a number of things internally in the Air Force to assist in improving our retention. I could give you a number of examples. I will cite just a couple.

First of all, we know that the well-being and attitude of families has a great deal to do with retaining people in the military service. In my office we have set up an assistant for Air Force families and we are going to start on a program for setting up on each base a small but centralized family support center which will provide a service to families. When it comes time to move, we know a lot more spouses are employed, for instance and we will help them with employment as they move from base to base and so forth. We are prototyping this type of thing in fiscal year 1981 and we are asking for an initial approach for that in the fiscal year 1982 budget. That is one thing that is very important.

We also, I think, got a bit out of the habit, when we were declining in size, of really talking to our people in a very informed and dispassionate way about the benefits, of remaining in the Air Force as a career. So we are in the process in the last year of revitalizing a base-level career adviser program. In our personnel office we have an individual designated and trained. He is kind of like an in-service recruiter, if you will, who is prepared to really talk to people about what the opportunities are and the benefits there will be in making a career in the Air Force.

But fundamental to all of this, as we have mentioned, is the necessity of maintaining comparability in our compensation area and ridding ourselves of those negative compensation items that we mentioned.

I often like to say, Mr. Chairman, that people in the military do not expect to get wealthy, and I do not think that that should be in any way our objective. Our objective I think should be in the compensation area, so to remove compensation from a day-to-day concern so that people can concentrate on the jobs and we can command their full attention and spirit with respect to increasing readiness in peacetime.

MILITARY RETIREMENT SYSTEM

Senator STEVENS. Is this comparability just for pay? Is there a figure in there for retirement? The military does not contribute to

retirement but civilian employees do. I am constantly harping on this because I am very interested in this. I see a time coming when you are not going to be able to get the civilians you need in the Department of Defense if this continues.

General USHER. If I may speak to the military side of it, we maintain, and successive pay studies and so forth have shown, that because of the extraordinary conditions in military service where tonight a person could be ordered to go to Saudi Arabia for a year without our asking goodbye, yes or no, because combat could occur and people put their lives on the line, because there is no 8-hour day, there is no overtime for military people, because we can send them to a remote site in Turkey that has no commissary, no BX, no hospital, that such things as a military retirement system, which is recognized to be a generous retirement system, is in recognition of spending a career under those conditions.

There are other things that are a part of the total compensation package that fall in that same category. I might point out that, at the urging of the Congress, we have just put together, and we will distribute to people at the time they get to the end of enlistment or at other times appropriate in their career, a booklet which will describe to them what their full benefits are. This is part of our base career adviser program that I mentioned.

Senator STEVENS. This is why I do not understand this midlevel career problem that we have developing here, if that is properly advertised. You could not match that concept as far as comparability is concerned in terms of continuation bonuses or anything else. Why do you need them if you have an unfunded noncontributory retirement system that is the best in the country?

General USHER. It is a very good one. Again, the total requirements that are placed on individuals——

Senator STEVENS. You still have early retirement, do you not, at 20 years?

General USHER. That is correct, we do.

Senator STEVENS. There is nothing comparable to that in the private sector.

General USHER. No, sir, there generally is not.

Senator STEVENS. There is nothing comparable to that in even the civilian government.

General USHER. That is correct.

Senator STEVENS. That does not have any impact on retention?

General USHER. There is nothing quite comparable in terms of the demands that are placed on people as there are in military service. Again, we are talking about highly skilled technicians. There is a tremendous pull, and there is likely to be an increasing pull from the civilian sector.

Senator STEVENS. You have prepared a booklet to quantify that retirement system, what it means?

General USHER. I am not talking about just the retirement system.

Senator STEVENS. I am talking about the retirement system per se ought to be sufficient to stop this midlevel exit that is going on. You still do have that midlevel problem, particularly in the officer area, do you not?

General USHER. Both officers and enlisted, we are about 8,000 career NCO's short in what we call critical skills. Those are the skills most closely related to launching and maintaining and recovering aircraft, primary mission core areas.

SELECTIVE REENLISTMENT BONUS PROGRAM

We have a very extensive selective reenlistment bonus program to stem the losses of those people. That has increased each year and been directed toward those skills.

Senator STEVENS. It that figured into your comparability pay at all?

General USHER. Yes, sir, it is in portraying for an individual what his total compensation is. Indeed they are.

But if I can just give you an example of what they call an A and P mechanic. He is an aircraft and propulsion mechanic. I will not name the particular airline. It is a small feeder airline but it is the Midwest. They just executed a contract for qualified A and P mechanics that work on jet aircraft. The starting salary is $32,000 a year.

You look at a staff sergeant in the Air Force; his regular military compensation is just a bit under $15,000 a year. Let's say then that we pay him for an additional enlistment of 4 years. Let's say that we pay him a bonus of $8,000 or so. That's spread over 4 years. He gets this lump sum for a full 4-year commitment. And he certainly gets the retirement and so forth.

But it is still pretty hard to match $32,000, because the $32,000 I mentioned to you does not include all the fringe benefits that that particular airline offers that individual. These people are highly skilled, and they are very much in demand.

Senator STEVENS. What about some of the other skills, intelligence, avionics, security? I am told that there are selective reenlistment bonuses in those areas.

General USHER. That is correct.

Senator STEVENS. Is there a disincentive there to the others who are not selected?

General USHER. No, sir. I think one has to be careful that we do not get too overbalanced in paying everybody a different pay. If you do, you create different classes of people within the military that are different than classes established by rank. We know from military experience that rank is important to us especially when we go to war. We also know that what may be the most important skill in peacetime under the heat of battle might change a little bit.

The example I like to use is an avionics technician who repairs radars and things like that. He is terribly important to us and very difficult to retain in peacetime. When we go to war, the individual who is repairing holes in the runway, which is not nearly as skilled a task, could be just as important as that person who repairs radars to the business of launching an airplane.

So we have to be very careful about how much differential we allow to occur between the pay of those individuals. But at the same time, Mr. Chairman, we have to recognize the pull and the tug of the peacetime marketplace. So we have to have these bonuses to be able to man our force.

SELECTIVE BONUSES IMPACT ON RETENTION PROBLEM

Senator STEVENS. Have those bonuses changed your retention problem at all? Those are brandnew, are they not, these selective bonuses?

General USHER. The selective reenlistment bonuses have been in effect for a number of years. However, in recent years as we face difficult retention problems without skilled people, we have extended those reenlistment bonuses to additional skills and for a greater period of service. There are three periods of service. Zone A is for the first reenlistment after the initial service of 4 years. It is the first reenlistment. Zone B is for the 6- to the 10-year period of service. And zone C, just enacted by the Congress last year, allows us to pay a bonus to particularly critical skills between the 10-and the 14-year point of service.

Just to give you an idea, we are paying totally in the Air Force this past year about $85 million total in bonuses and we are requesting in the fiscal year 1982 budget to raise that to about $98 million, if I recall the numbers exactly. This reflects an expansion of the number of skills covered from 120 to 136 different skills.

Senator STEVENS. Has it increased retention?

General USHER. It has increased retention. We generally get about a 10 to 12 percent differential in retention from the application of the reenlistment bonus. And it is a high payoff item for us.

RELOCATION REIMBURSEMENTS

Senator STEVENS. Mr. Meis, you talked about this problem of costs of moving, relocation reimbursements. That is the same problem that occurs in the private sector. I just had a letter from McDonald's who as we all know is one of the largest nationwide chains now. They have a similar problem in terms of costs that their employees incur as they are moved from one area to the other.

ADEQUATE REIMBURSEMENT PATTERN

What would you consider an adequate reimbursement pattern? And should it include a portion of a tax deductibility of some of these moves so that they are not totally reimbursed as far as the Federal Government is concerned?

Mr. MEIS. I do not know exactly what the private sector is experiencing in this area, but here there is quite a distinction with respect to the allowances that we allow as an example to a Government civilian move versus a military move. The major differences are in such areas as costs associated with say a house-hunting trip or costs associated with temporary lodging both at the point of departure and the point of arrival until they find a new house, costs of transportation. There is quite a differential between the civilian employee and the military member. Perhaps we have a table here that would highlight those major differences.

Of course we are also limited by the amount or the weight of the household goods that can be shipped. Again I do not know how the private sector works that. I am sure every firm has a different standard on this. I guess all we are asking for here, there has to be a reasonableness attached to it because you would not want to allow anybody to ship say an unlimited amount of household goods

in terms of weight. It still has to be controlled; it has to be managed.

But we do know that as a result of the conditions, the era in which we are living today, there are these out-of-pocket expenses that cannot be avoided if the individual is going to make the move and take care of his dependents, his family as he is obligated to do.

CIVILIANS VERSUS MILITARY RELOCATION REIMBURSEMENTS

Senator STEVENS. Do the Department of Defense civilians get a different reimbursement than the military? Do you have a table to show that?

General USHER. Yes, sir, I do. I will use an example of a GS-9 compared to a master sergeant moving from Washington, D.C. to San Francisco, Calif., which is a distance of about 2,800 miles.

If the civil servant took full advantage of all that was allowed to him, and that would include reimbursement for auto travel and meals and lodging on the road, a house-hunting trip funded by the Government before he or she makes the move, temporary lodging when moving out of his house into a new house on the west coast, reimbursement authorized by the Government for certain expenses associated with selling a house before departure and buying a new house at the distant end and miscellaneous expenses, it would be possible for the civil servant to collect somewhat over $13,000 for that move assuming that that was a family of four, a wife and two childern.

Under identical circumstances, the master sergeant could collect about $1,300 or about one-tenth of that amount just because of the differences in automotive and travel reimbursement, the fact that we have no temporary lodging authorized today at all. No house-hunting trip is authorized and there is no real estate reimbursement.

Senator STEVENS. I read about all those perks for Members of Congress. None of those are authorized to Members of the Congress.

General USHER. They are authorized for civil servants.

Senator STEVENS. What is the status of your change? We understand you have some initiative moving through the Department now on this very question. What is the status of that? Are we to anticipate some change request in 1982?

General USHER. Yes, sir. Of course the first thing that we are doing in 1982 is requesting an increase in reimbursement to 18.5 cents a mile and $50 a day. We also in the legislative contingency account for fiscal year 1982 have a number of initiatives that address the lack of full reimbursement for PCS today, in particular temporary lodging entitlement for, in a modest way, 4 days for the member moving and for the dependents. We have one or two other initiatives in there. I have a list that I can provide for the record.

[The information follows:]

FISCAL YEAR 1982 LEGISLATIVE INITIATIVES

The other PCS related initiative in the Department of Defense legislative program would provide authority for advanced travel pay for dependents, as is currently authorized for military members. Under current law, members relocating their families in conjunction with permanent change-of-station moves must pay the expenses associated with dependent travel and changing residences out of their own

pockets, receiving reimbursement only after completion of the move. Enactment of this "no-cost" initiative will help to reduce some of the military member's interim out-of-pocket costs by making the appropriate allowances available at the time the expenses are incurred.

AVERAGE TOUR OF DUTY

Senator STEVENS. What is your average tour of duty now? You have shortened it, have you not, to 18 months?

General USHER. No, sir. In the Air Force, in fact, we have been successful in increasing our tour of duty very substantially. I believe the average tour now, outside of those moves associated with a new recruit coming into boot camp and then going on to tech training and to his first job, is about 37 months across the Air Force, which is about 3 years. It is a substantial improvement over what we have had in the past.

In fact, overseas in Europe, for example, we have been successful there in raising the average tour lengths to about 45 months which is some 9 months over what the established tour was in the Air Force. And we have done that both for continuity purposes and also to reduce the cost of permanent change of station.

PCS SPENDING

Senator STEVENS. Have you quantified the changes as far as these permanent change of station initiatives? What are they going to mean? If you raise that to a total comparability from $1,300 to $13,000, how much are we talking about?

General USHER. That would be a very substantial amount of money. There is no question about that.

Senator STEVENS. What do you spend now in PCS?

General USHER. I do not have that figure right now.

[The information follows:]

PCS SPENDING

The Air Force estimates that under the Reagan supplemental budget it will spend $752.5 million in fiscal year 1981 and $907.7 million in fiscal year 1982. The increase ($155.2 million) in fiscal year 1982 over fiscal year 1981 is related primarily to transportation rate increase $97.9 million which is required to pay for the movement of PCS passengers, and movement and storage of household goods and personal property. The balance of the increase of $57.3 million is attributable to increased PCS move requirements associated with increased Air Force strengths and PCS initiatives (for example, increase in PCS mileage and per diem).

PCS BUDGET REQUEST

Mr. MEIS. I do not think we are seeking comparability, Mr. Chairman, with respect to the allowances of a civilian move. But we are seeking the reimbursement. I think a recent study indicated that on the average, as an example, I believe it was a captain that was moved, again with a family total of four, that the median out-of-pocket expense was about $1,750 per move. I think in the case of a staff sergeant, the out-of-pocket expense was about $1,250.

We are seeking just to recover the expenses. We do not feel that the individual member ought to subsidize and have to pay for his own move. So we are only talking numbers in about that magnitude. We have not extended those across the total population to give a total estimate, at least not to my knowledge.

General USHER. We do know that military members as a whole, even with the modest increases that were made in PCS reimbursement in the Nunn-Warner amendment, are still about $1 billion out of pocket a year in moving at the convenience of the Government, DOD-wide, and that the Air Force, as Mr. Meis mentioned in his statement, is about $280 million. So presumably to recover this, it would be a cost around that magnitude depending on what options you choose.

Senator STEVENS. Your 1982 budget, the request is for $63.6 million for per diem at $45 and 18.5 cents per mile. That is not what we have in the 1981 supplemental. We agreed to $50 and we agreed to 18 cents. Why is the 1982 not similar to your 1981 supplemental?

General USHER. They really got put together at two somewhat different points in time, Mr. Chairman. We would like to see for fiscal year 1982 the continuation of the $50 a day.

Senator STEVENS. Give us the corrected figures.

General USHER. It would be $4.5 million difference between the two.

Senator STEVENS. You can give us the figures for the record of what the difference in the budget will be if you budget at $50 and 18.5 cents. Your request is $45 and 18.5 cents.

General USHER. Yes, sir, and the difference in cost would be an additional $4.5 million for the year.

[The information follows:]

CORRECTED FISCAL YEAR 1982 FIGURES

The fiscal year 1982 President's Budget contained 18.5 cents per mile and $45 per diem with an estimated cost of $63.6 million. The estimated cost of the fiscal year 1982 program if the Air Force had budgeted 18.5 cents per mile and $50 per diem would be $68.1 million, an increase of $4.5 million.

SINGLES COLA

Senator STEVENS. Singles COLA is a new initiative and it has an $8 million tag on it. My memory is that that tag was higher last year when I looked into it and was about ready to initiate it last year. What does the $8 million reflect?

General USHER. That reflects a payment of 47 percent of what the without-dependents cost-of-living allowance would be world wide for the Air Force, and the DOD cost would be approximately $26 million in fiscal year 1982.

We appreciate your support of that initiative in the years past, and we are hopeful that your steadfast support will see it through this year. We think it is mighty important.

Senator STEVENS. We will try. It is my understanding that the theory of it is that the singles do have off-base costs that are not met if they do not get some kind of a cost-of-living allowance. This is particularly overseas where there is a substantial difference in expenses off base.

General USHER. Absolutely, sir.

Mr. MEIS. And the currency exchange is quite a significant item also.

Senator STEVENS. Are you sure I am not opening up Pandora's box now? Is $8 million a sound, firm figure?

General USHER. It is, sir.

Senator STEVENS. Does that apply to everybody? The $8 million will do everybody in the singles category?

General USHER. Yes, sir, overseas it will. To the best of our ability to estimate those things, we are not contemplating raising the percentage or something like that in a future year. That is not in the books. But it does currently tend to make our single people rather prisoners on base, which we do not think is a healthy thing.

Senator STEVENS. I noticed this Congressional Budget Office study that cited a $973 million cost avoidance for the Air Force over 5 years if blue-collar pay systems were reformed. Do you agree with that?

Mr. MEIS. Yes, we agree generally on that, and I think we have been seeking some relief to that. We are taking a look at that particular issue again as a possible way of reducing some of our costs.

EDUCATIONAL ASSISTANCE TEST

Senator STEVENS. Tell me about this educational assistance test in the recruiting market that the Secretary is conducting. Are you part of that?

General USHER. Yes, sir, we are in a very limited way. We only have a very small number of skills to which our people are eligible for that test. We think frankly it is going to be of limited value to us because there is not very extensive coverage for the Air Force. Also, the test is due to end this year, but some of the elements of the test are the kinds of things that you are not likely to have a proof positive result for quite a number of years.

Senator STEVENS. Now the Reserve Forces have some shortages in critical skills. What have you got coming to deal with those? And what is the cost of your initiatives that you are contemplating to deal with your shortages?

General BODYCOMBE. Yes, sir. We have in the Air Force Reserve at the moment about 36 different critical skills. We are applying the same approach the Active Force is—with bonuses for selected skills. That is going to help. It is $1.2 million in fiscal year 1981 for reenlistment bonuses.

Senator STEVENS. Are they working?

General BODYCOMBE. Yes. It appears to be working. We will have a better answer here shortly.

MANNING OF NEW TACTICAL FIGHTER SQUADRONS

Senator STEVENS. In view of your problems of retention, how are you going to man these two new tactical fighter squadrons, particularly crews. You can get pilots all right. What about crews?

General BODYCOMBE. Our fighter squadrons will be conversions from existing squadrons. So hopefully a high percentage of people already in the squadron will be eligible and will convert. We are converting to A-10's.

Senator STEVENS. It is not contemplated that new demand for Reserve strength will be made?

General BODYCOMBE. We are going to form one new fighter squadron at Wright-Patterson AFB in the Dayton, Ohio area. Our recruiters have reason to believe that it will not be too difficult. We are also doing one at Bergstrom Air Force Base. These are

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urban areas and we think the people will be there. We are going to use some of the reservists from the Rickenbacker AFB unit to transition to the new unit at Wright-Patterson AFB. It is not all that far in distance.

These conversions will not be easy. We will have to work hard at it, but we think the people are there.

Senator STEVENS. General Conaway, do you have a comment?

AIR NATIONAL GUARD BONUS PROGRAM

General CONAWAY. The only thing I was going to mention, Mr. Chairman, in the Air National Guard, this year was the first year that we have had a stable bonus program of $4.5 million. That is about $1 million in enlistment and $2.5 million in reenlistment, and then about $1 million in affiliation bonuses for prior service personnel. These are for critical skills of which we have 65 identified across the country that are in the various units. It is working and we are asking for a continuation of this stable program.

We offer a bonus of $1,500 up to $4,000 for education assistance for critical skills for 6-year enlistments. Reenlistment bonuses of $900 for 3 years or $1,800 for 6 years are also offered. We are finding those to be a success at this stage. Of our 98,000 spaces, about 32,000 are in critical mission producing skills.

MEDICAL LEGISLATIVE CONTINGENCIES

Senator STEVENS. You have a medical shortage of 304 medical officers in Reserve components. Mr. Meis, you stated that a special program would be needed to reduce that shortage. Can you tell me what would be the cost of that program? And is it in this budget?

Mr. Meis, is the cost of the Air Force Reserve component, medical pay, special pay program in this budget already?

Mr. MEIS. No; it is a legislative item. We are resting at the shortage in the Reserve forces of 300 and some.

Senator STEVENS. It is not covered.

General USHER. It is not in the budget, Mr. Chairman, because it is a legislative proposal. The normal way we approach that is to put it in the legislative contingency account.

Senator STEVENS. What is the cost of that program contemplated to be?

General USHER. I would have to supply that for the record.

Senator STEVENS. Would you put that in the record please?

[The information follows:]

MEDICAL LEGISLATIVE CONTINGENCIES

The institution of special pay for medical officers in the reserve components is needed to help reduce critical shortages of these officers. The Office of the Secretary of Defense is considering a legislative proposal to provide special pay for medical officers of the reserve components.

The implementation of proposed special pays will cost:

RPA:	*Millions*
Fiscal year 1982	2.3
Fiscal year 1983	2.5
Fiscal year 1984	2.5

SLIPPAGE OF ANG RETENTION RATE

Senator STEVENS. The Air National Guard's retention rate I am told went down from 64.8 percent in 1979 to 61.4 percent in 1980. What do you attribute that to? What are you going to do about that?

General CONAWAY. We think the reenlistment bonus will help in this area. This is the first full year that we have had this. There has been a small dip in our retention but our goal for the 1980's for the Air National Guard is 65 percent retention over all of our force. But this slight dip has come about because of the very critical skills that we have had in some of our units in some areas of the country where there is an increased demand for avionics and electronics specialists such as the Houston area or the San Francisco Bay area. In these particular areas we have had trouble retaining people because they pay twice as much in the civilian sector. So the bonus will help in that regard.

We also had a slight increase in retirement last year. The tail end of some of the World War II enlistment forces are phasing out.

INFLATION FACTOR IN AF RESERVE BUDGET

Senator STEVENS. Gentlemen, there is $1 million in the Air Force Reserve budget for inflation. How is that figured? How do you figure inflation in connection with that?

Colonel WOODDELL. Primarily the travel and clothing.

Senator STEVENS. And what else, procurement items?

Colonel WOODDELL. Not in the military personnel appropriation.

Senator STEVENS. That is what I am saying. How do you get inflation in personnel?

Colonel WOODDELL. Mainly travel costs. It is about a 9-percent increase in the overall travel.

Senator STEVENS. Mr. Meis, is there an inflation item in this budget generally?

Mr. MEIS. Not as a line item to my knowledge.

General USHER. But it is included in the computation, yes, sir.

General CONAWAY. Most of ours has been programed with the 8.7 percent.

Senator STEVENS. What is your inflation figure? Where is it involved?

General USHER. It is involved for instance in permanent change of station costs like when we pay for the movement of household goods and so forth. That is based on known rate increases and certain other anticipated increases and how thoroughly we anticipate.

In the recruiting area we use a lot of GSA automobiles and they set their rates annually or more often, in fact, if they expect the cost of fuel and so forth to raise.

Senator STEVENS. Is it in this budget or is it in the O. & M. budget?

General USHER. Some of it would be in the military personnel account and some of it would be in the associated O. & M. account, depending on what category of things we are talking about.

Senator STEVENS. Whatever is in here is stated at 8.7 percent.

General USHER. I believe that is correct, sir.

Senator STEVENS. That is the OMB directive this year.

Mr. MEIS. That is the standard.

Senator STEVENS. What was your factor last year?

General USHER. I am informed it is 9.2, but I would like to verify that for the record.

[The information follows:]

MILITARY PERSONNEL NON-PAY INFLATION

The inflation factor last year was 9.0 percent for military non-pay, primarily in the Permanent Change of Station (PCS) account.

ACTUAL NONPAY INFLATION RATES

Senator STEVENS. It that actual or is that what was in the budget?

Major TATTINI. That is what was in the budget, sir.

Senator STEVENS. What was the experience? Do you have any way of determining what your experience was in those items as far as inflation was concerned? We would like to know.

Mr. MEIS. We will provide that for the record, Senator, after taking a look at that.

[The information follows:]

ACTUAL NONPAY INFLATION RATES

The actual nonpay experience for fiscal year 1981, primarily in the Permanent Change of Station (PCS) account, to date has been 7.8 percent. Appropriate reductions have been made by the Air Force in both the PCS and Enlisted Subsistence accounts during the fiscal year 1981 mark-up by the House and Senate Appropriations Committees.

UNDERSTATED ITEMS

Senator STEVENS. Our subcommittee is quite concerned with the fact that it seems that the items we are working on for the supplemental really are items understated as far as inflationary factors are concerned in the previous year. We are trying to correct that. We do not see any reason why it should not be working on the supplemental. That is 40 percent of the full fiscal year bill. It gives us a redundant task in the same time frame, and it just does not seem proper to be understating these items when we know we will have to go back and look the next year.

You can give us a couple of years' experience as a matter of fact. I would be interested.

SUBCOMMITTEE RECESS

This subcommittee is going to recess until May 18 at 9 a.m. when we will talk about the Air Force O. & M. account.

Mr. MEIS. Thank you very much, sir.

General USHER. Thank you.

[Thereupon, at 12:15 p.m., Wednesday, May 13, the subcommittee was recessed to reconvene at 9 a.m., May 18.]

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