

ment that might be prepositioned overseas near potential crisis areas. The DoD program also provides for acquisition of roll-on/roll-off ships that could move an Army division from the United States to the Persian Gulf region in about two weeks.

This section first discusses the programs that have been proposed by the Department of Defense or added by the Congress to augment sealift and airlift forces. While implementation of these programs would indeed enhance the speed with which the RDF could deploy to the Middle East or elsewhere, none would enhance the force's ability to enter the region forcibly against enemy opposition. Thus, the section concludes with a discussion of increasing amphibious lift as a way of enhancing capability for forcible entry.

Augmenting Sealift Programs: Maritime Prepositioning Ships

As part of its effort to increase the speed with which the RDF could deploy overseas, DoD proposed a two-step program for prestocking equipment for RDF ground and tactical air forces on cargo ships homeported overseas. As a near-term step, DoD acquired or leased seven ships, including water and petroleum tankers, which were deployed to the Indian Ocean atoll of Diego Garcia. These ships carry supplies for a Marine Amphibious Brigade.

For the longer term, DoD has proposed the acquisition of 12 additional maritime prepositioning ships to support the RDF prestocking program. Four of these ships would be currently available commercial roll-on/roll-off ships, modified to meet the demands of moving military equipment ashore rapidly. Eight additional ships would be built to similar specifications. The DoD program is estimated to cost \$2.2 billion. DoD requested \$207 million in fiscal year 1981 to begin construction of the first new maritime prepositioning ship, termed T-AKX. It planned to begin the first modification of currently available roll-on/roll-off ships early in fiscal year 1982.

While the Congress has supported the DoD program in principle, it has sought an even more rapid acquisition of additional sealift capability. To that end, it appropriated an additional \$285 million in fiscal year 1981 for the acquisition of other commercial fast container ships (SL-7) which, if modified to have a roll-on/roll-off capability, could support deployment of the RDF as well as forces deploying to Europe. The Congress also

directed the Navy to examine other possibilities for the quick charter or purchase of existing privately owned sealift assets. Finally, the Congress voted \$33 million in advance funding for new construction of T-AKX ships, indicating that it supported this aspect of the program as well.

All of these sealift programs will enhance the deployability of the RDF. Equipment prestocked on ships at Diego Garcia could be moved by sea to the Persian Gulf within five days of an order to embark, while RDF units could be airlifted to their destinations. The SL-7s could move an entire mechanized division from the east coast of the United States to the Indian Ocean within two weeks. Nevertheless, like the CX cargo plane, this program assumes the unopposed disembarkation of forces and equipment at their ports of destination. Such an operation might not be feasible, however, should the United States have to conduct a unilateral operation or face local opposition when attempting to land at ports earmarked for unloading prestocked equipment from the T-AKX ships.

Augmenting Airlift: The CX Program

To enhance U.S. strategic and tactical airlift capabilities, the Air Force has proposed acquisition of a new transport plane, the CX. Although the CX could support the airlift of troops and equipment anywhere in the world, it has been closely linked with DoD's package of force enhancements to support the RDF. The Air Force proposal calls for a plane with a maximum payload of about 65 tons, making it smaller than the C-5 (with a maximum payload of 120 tons) and larger than the C-141 (with a maximum payload of 45 tons). ^{8/} The CX will thus have the ability to carry "outsize" cargo (that is, cargo that is too large for transport by aircraft other than the C-5). The Air Force has also specified that the CX should have the ability to take off and land on short, poorly prepared airfields. It would thus become the first U.S. transport aircraft for use within a combat theater

^{8/} It should be noted that these payloads are objective maximums; they will diminish with distance and with the specific densities of cargoes placed aboard the aircraft. The C-5 payload noted above is for the rewinged version of that aircraft; the C-141 payload is for the "B" model with an extended fuselage, popularly termed the "stretched" C-141.

(termed "tactical" airlift) with an ability to move outsize cargo such as the XM-1 tank and the XM-2 and XM-3 Fighting Vehicle System. (Current tactical aircraft, including the C-130, cannot lift outsize cargo.)

The Air Force has estimated that the cost of a CX program to procure between 130 and 200 aircraft would be approximately \$10 billion. Table 15 shows the estimated added costs over the next five years of completing the Carter Administration's proposed mobility enhancement program by beginning procurement of the CX aircraft.

TABLE 15. REPORTED COSTS OF THE AIR FORCE'S PROPOSED CX PROGRAM, FISCAL YEARS 1982-1986 (In billions of fiscal year 1982 dollars)

	1982	1983	1984	1985	1986	Total
CX Costs	0.3	0.4	1.5	1.8	1.6	5.6

SOURCE: "Cuts in Budget Disrupt Military Planning," Aviation Week and Space Technology (January 12, 1981), pp. 18-19.

While supporting in principle the requirement for additional transport aircraft, the Congress has been skeptical of the CX program, and of the assumptions that underlie it. Both the Armed Services and Appropriations Committees questioned whether the Air Force had adequately evaluated the need for a new cargo aircraft in the context of other potentially available airlift and sealift assets and in light of worldwide contingency demands for mobility forces. Accordingly, the Congress reduced to \$35 million DoD's fiscal year 1981 request of \$81 million for initial CX development, and limited current efforts to the study of airlift requirements. Because of this recent Congressional action, the CX aircraft was deleted from the CBO baseline. It is also not included in Table 16 at the end of this chapter.

The CX aircraft would not greatly speed deployment of armored forces because of the great weight and volume of their equipment

and supplies. CBO has estimated, for example, that even the addition of 100 C-5 type aircraft would only reduce the time needed to transport a typical mechanized division to the Persian Gulf from 22 days to about 14 days. ^{9/} Nor would the CX avoid the problems of vulnerability during a landing against opposition. But it would improve the United States' ability to move materiel to two theaters simultaneously--if, for example, the United States wants to hold existing mobility aircraft in reserve in the event of a European war.

An Alternative: Acquiring Additional Amphibious Lift

One way to enhance the RDF's ability to deploy quickly to the Middle East and to land its forces even in the face of local opposition would be to employ amphibious forces for initial seizure of ports and airfields. (Amphibious forces are structured for sea-based landings, even in the face of opposition.) Other RDF units could then deploy to the Middle East and arrive at facilities protected by U.S. amphibious forces.

Current levels of amphibious lift could support deployment of a small, light-armored Marine Amphibious Brigade (8,000 to 12,000 troops) in the Indian Ocean. The brigade would supplement the 7th Marine Amphibious Brigade, whose equipment is being stored at Diego Garcia. The at-sea brigade would have sufficient firepower to seize landing sites that could receive sealifted supplies, including maritime prepositioning ships with the 7th Marine Amphibious Brigade's equipment. This sealift, plus airlifted supplies, could build a force of up to 60,000 troops within two weeks. ^{10/}

^{9/} Congressional Budget Office, U.S. Airlift Forces: Enhancement Alternatives for NATO and Non-Nato Contingencies, p. 57. Both estimates assume C-130 augmentation of strategic airlift forces.

^{10/} Current estimates point to the arrival of 49,000 troops within 16 days, once all RDF programs are implemented. (See Congressional Budget Office, U.S. Ground Forces: Design and Cost Alternatives for NATO and Non-NATO Contingencies, p. 47.) The additional Marine brigade could bring the total force to 60,000 troops.

Current Marine amphibious lift assets can support just over one division, however. (Each division is composed of three brigades.) This limited lift is divided between support of two fleets in different oceans, and must support forward at-sea deployments of lightly armored Marine Amphibious Units (1,800 troops) in the Mediterranean Sea and in the Indian and Pacific Oceans. Therefore, a brigade could deploy on a full-time basis to the Indian Ocean only if all other deployments were severely restricted.

To augment Marine amphibious lift capability would require the initiation of several major Marine amphibious ship construction programs, particularly for new dock landing ships (LSD-41), which are designed to carry high-speed Marine air-cushioned landing craft, for the landing craft themselves, and for general purpose amphibious ships (LPH) that could carry new Marine light armor and aircraft. Such a program would extend well beyond the current five-year plan. The cost of procuring amphibious shipping in fiscal years 1982-1986 as part of this program would amount to \$2.0 billion. This compares to \$5.6 billion for the CX airlift program over this period.

RECAPITULATION: THE COST AND COMPOSITION OF THE RDF WILL DEPEND ON U.S. OBJECTIVES

The Rapid Deployment Force currently is assigned to counter any threat to U.S. interests in the Persian Gulf, including Soviet operations. Most of the costs of the RDF, as currently programmed by the Department of Defense, will be to pay and operate forces already in the U.S. force structure. Only about \$2.7 billion will be spent for new programs, including research and development on and initial procurement of assets to improve mobility, as well as for military construction.

The final bill for the RDF could be substantially higher over the next five years. It might be necessary to increase the firepower and combat support of U.S. troops, particularly if the RDF is to counter Soviet operations. These near-term programs could add \$7.7 billion to baseline costs. Added funds could also be needed to carry out the Carter Administration's proposed longer-term mobility program, or for alternative approaches that emphasize the ability to land forces against local opposition. Table 16 indicates that costs over the next five years could range as high as \$9.7 billion above the baseline, depending upon the alternatives pursued.

The high costs of the RDF emphasize again the importance of the allied contribution. As the previous chapter indicated, the allies may have to bear an increasing share of the costs of NATO force improvements in order to enable the United States to free resources to bolster its non-NATO capabilities.

TABLE 16. INCREASED COSTS ABOVE THE BASELINE OF GROUND FORCE AND LIFT PACKAGES FOR THE RAPID DEPLOYMENT FORCE, FISCAL YEARS 1982-1986 (In millions of fiscal year 1982 dollars)

	1982	1983	1984	1985	1986	Total
Near-Term Improvements						
Procurement						
265 foreign-built light armored vehicles	55	55	0	0	0	110
U.S.-design light armored vehicles	0	0	28	113	113	254
Manpower						
Add 68,000 support troops	1,207	1,565	1,217	1,586	1,707	7,282
Research and Development						
Accelerate light armored vehicles	16	28	8	0	0	52
Longer-Term Improvements						
Procurement						
LPH <u>a/</u>	0	720	570	0	0	1,290
LSD-41 <u>a/</u>	0	360	0	360	0	720
Total	1,278	2,728	1,823	2,059	1,820	9,708

a/ These programs are also noted in the shipbuilding program outlined in Chapter IV.

CHAPTER VI. ACTIVE-DUTY MILITARY MANPOWER

INTRODUCTION

Previous chapters have examined the equipment needed under alternative defense strategies. Equipment alone cannot guarantee defense capability, however; the military forces must also be able to attract and retain adequate numbers of personnel with the appropriate backgrounds and skills. Today, U.S. military forces comprise 2.1 million active-duty personnel, 1 million civilians, and 0.8 million part-time reservists. Together, the pay, allowances, and benefits for these personnel will consume about \$82 billion, or about half of all fiscal year 1981 defense outlays.

In recent years, the Congress has expressed considerable concern about the state of U.S. military manpower, especially active-duty enlisted personnel. Of particular concern have been the services' ability to recruit sufficient numbers of personnel, particularly high school graduates, and to retain enough experienced personnel to carry out a variety of technical tasks and leadership roles.

In response to these concerns, the Congress enacted numerous changes in pay and benefits for active-duty military personnel that became effective in fiscal year 1981. At the same time, it required that the services raise their enlisted recruit quality by accepting a smaller proportion of persons with low scores on the services' entrance examinations. The Congress also indicated agreement with the services' desires to improve the retention of enlisted personnel and hence the proportion of career personnel.

These Congressional actions raise two key issues for the fiscal year 1982 budget and beyond:

- o Will the pay increases enacted by the Congress be sufficient to attract enough recruits of adequate quality and to retain enough career personnel? Or will additional increases be required?
- o How will the answers to these questions change if the Congress decides to increase the size of the armed services substantially?

The initial sections of this chapter address these broad questions in order to illustrate overall trends. The Congress actually votes on more detailed questions, however, which the chapter will also address. These include:

- o What should be the size of the military pay raise in fiscal year 1982?
- o What changes, if any, should the Congress make in the level or number of enlistment or reenlistment bonuses, or in military education benefits?

Active-duty compensation issues will not, of course, be the only manpower issues before the Congress. Numerous other active-duty, civilian, and reserve manpower issues could require Congressional action, but they are beyond the scope of this study. Also, unlike earlier chapters in this report, this chapter does not attempt to distinguish between near-term and longer-run issues, since almost all manpower decisions could affect the size and quality of the armed forces both in the near term and in later years.

PAY CHANGES FOR FISCAL YEAR 1981

Summary of Changes

The 96th Congress made numerous changes in military pay that became effective in fiscal year 1981. ^{1/} Together, the changes added about \$2.3 billion to the pay costs requested in the original version of the President's fiscal year 1981 budget. Almost half the increase occurred because the Congress set the military pay raise at 11.7 percent, rather than the 7.4 percent increase called for in the original budget for fiscal year 1981. A new variable housing allowance, which increased allowances in areas with relatively high housing costs, accounted for another

^{1/} The major compensation measures (and their public law numbers) were: the fiscal year 1981 defense authorization bill (P.L. 96-342); the Nunn-Warner legislation (P.L. 96-343); and the Military Pay and Allowances Benefit Act (P.L. 96-579).

quarter of the added costs. Numerous other provisions made up the balance of the \$2.3 billion. Many of the pay increases were targeted at career personnel, but the new, higher scales will also improve recruiting.

Effects on Recruiting

Probable Trends. The military services must be able to attract adequate numbers of recruits, with appropriate skills and backgrounds, to maintain force size and readiness. Problems in meeting recruit needs have loomed large in the debate over the viability of the All-Volunteer Force. One key measure of recruiting success is the ability of the services to meet their numerical recruiting goals for enlisted personnel while maintaining the desired percentage of male recruits with high school diplomas. ^{2/} Recruits with high school diplomas not only may be more capable in some ways, but also are more likely than nongraduates to complete their first term of enlistment. Also, while the services can generally recruit all the nongraduates they want, male graduate recruits are in short supply.

Table 17 suggests likely recruiting trends through fiscal year 1986 by estimating the percentage of male recruits in each service with high school diplomas, assuming that the services meet their overall numerical goals. The table compares these estimates with the percentage of male high school graduate recruits in each of the services in recent years. The table assumes that the 1981 relationship between military and private-sector pay is maintained and makes other important assumptions discussed below.

^{2/} This report concentrates on enlisted personnel, since problems with officers are far less severe. "Recruits" in this report refer to enlisted recruits without prior military service. Numbers of recruits with prior service have generally been determined more by policy than by supply considerations. Numbers of female recruits are also set largely by policy. This study assumes that numbers of female and prior-service recruits would remain roughly at their current levels. Finally, "high school graduates" in this report always refer to diploma graduates, since those who achieve graduate status by taking an equivalency examination may differ from high school graduates in their likelihood of remaining in the military.

TABLE 17. ESTIMATED PERCENTAGES OF MALE, NON-PRIOR-SERVICE RECRUITS WITH HIGH SCHOOL DIPLOMAS, BY SERVICE, FISCAL YEARS 1982-1986

Service	1982	1983	1984	1985	1986	Average 1978-1980	Fiscal Year 1981 Target
Army	59	53	54	53	52	59	65
Navy	71	70	69	67	67	74	<u>a/</u>
Air Force	81	75	72	66	71	83	<u>a/</u>
Marine Corps	75	74	71	71	71	75	<u>a/</u>
All Services	69	65	65	62	63	70	<u>a/</u>

a/ No target was set by the Congress for fiscal year 1981.

In 1982, all four services are likely to approach or meet the average percentages of graduates achieved over the last three years (see Table 17). The Army, however, probably will not reach the target set by the Congress for fiscal year 1981 requiring that at least 65 percent of recruits be high school graduates. Moreover, the percentages are likely to decline in all the services over the next five years. By 1986, if the current relationship between military and private-sector pay is continued, all four services would be substantially below the percentages of high school graduates recruited in recent years. The services could, of course, accept fewer recruits in order to increase the percentages holding high school diplomas. Under this approach, however, the services would fall short of their desired numerical goals for all recruits, which could degrade overall readiness.

Reasons for Trends. There are several reasons for the projected decline in the percentages of male recruits with high school diplomas. One is the test-score objectives set by the

Congress. Other reasons include increases in service personnel levels and the expected decline in the youth population during the 1980s.

Last year, the Congress placed significant limits on the numbers of persons who can be recruited after scoring in the lowest acceptable category on the entrance examination given to all enlistees. ^{3/} In the absence of the Congressional constraints, the services could increase the percentage of recruits holding high school diplomas by substituting low-scoring graduates (generally not in such short supply) for nongraduates with high test scores. Because of the importance of the test-score objectives and the objectives for recruiting high school graduates, the desirability of these policies is discussed later in the chapter.

^{3/} Based on the results of a written examination, recruits are classified in Category I (those scoring above the 92nd percentile), Category II (65th to 92nd percentiles), Category III (31st to 64th percentiles), Category IV (10th to 30th percentiles, or 20 percent of the reference population), or Category V (below the 10th percentile). Current law and policy prohibit enlistment of Category V personnel. The Congress has further stipulated that in 1982 no more than 25 percent of recruits in each service can score in Category IV; no more than 20 percent in each service can score in Category IV in 1983 and beyond. These objectives were prompted in part by an earlier error in norming the entrance examination. This error meant that in fiscal year 1979 about 46 percent of Army recruits were in Category IV; the incorrect norming had implied that only about 9 percent were in that category. The estimates in Table 17 reflect tentative results of the renorming; final results are not yet available. The estimates could also be heavily influenced by recruiting policies adopted by the services in the future. The estimates assume, for example, that the Air Force and Navy will not try to improve upon their test-score distributions in fiscal year 1979 (after renorming). Estimates also assume that none of the services, and particularly the Air Force and Navy, make extraordinary efforts to increase the fraction of high school diploma graduates entering their service. A decision by the Air Force and Navy to seek more high-quality recruits could seriously hamper Army recruiting.

Table 17 also assumes that pay increases enacted in fiscal year 1981 are maintained but that the ratio between military and private-sector pay is not increased. Service "end strengths" (that is, number of personnel at the end of a year) are assumed to increase by a total of 2 percent over the next five years, to man the baseline forces discussed in previous chapters. The total demands for recruits are based on CBO estimates that reflect these assumptions.

The estimates in Table 17 are influenced by more than pay and personnel policies, however. Particularly in the later years, the expected decline in the youth population will exacerbate recruiting shortfalls. Between 1981 and 1986, the number of males aged 18 to 21, who make up the prime enlisted recruiting market, will decline by about 13 percent because of the low birth rates in the 1960s. The shortages in Table 17 reflect this tightening of the recruiting market, as well as anticipated changes in other influences, such as unemployment. 4/

Effects on Retention

Success in meeting recruiting targets is heavily influenced by retention of careerists, since persons who reenlist lower the demand for new recruits. In addition, retaining career personnel is important because experienced personnel are needed to man increasingly complex military equipment. Table 18 estimates the numbers of enlisted career personnel in each of the services over the next five years and compares those estimates to current service objectives. 5/ (Career personnel are defined as those with more than four years of service.) CBO's estimates suggest that career personnel in each service will increase over the next five years, due in part to the pay raises enacted for fiscal year 1981. Moreover, the estimates suggest that every service, except

4/ Recruiting improves in periods of high youth unemployment. These estimates assume an overall unemployment rate of 7.6 percent in 1982, which translates into an estimated youth unemployment rate of 18.3 percent. Youth unemployment rates beyond 1982 average 17.3 percent.

5/ The objectives could be revised, as has been the case in recent years. Air Force objectives stood at 202,000 a year ago, while Army objectives were 240,000.

TABLE 18. PROJECTED END STRENGTHS OF CAREER ENLISTED PERSONNEL, a/ BY SERVICE, FISCAL YEARS 1982-1986

Service	1982	1983	1984	1985	1986	Current Objective
Army	287	294	307	311	317	281
Navy	198	201	205	210	215	218
Air Force	220	217	220	224	226	210
Marine Corps	<u>53</u>	<u>55</u>	<u>59</u>	<u>60</u>	<u>62</u>	<u>50</u>
Total	758	767	791	805	820	759

a/ End strength denotes the number of personnel at the end of a fiscal year.

the Navy, will meet its objective for careerists by 1982. The Navy will fall short of its objective in all projected years, though by only a small number in 1986. 6/

These projections are for all enlisted careerists, regardless of their skill area. Some services may still have shortages in specific skills, coupled with surpluses of personnel in others. To the extent that compensation cannot be readjusted from surplus to shortage areas, added funds may be needed to correct these skill imbalances. Such increases are discussed below.

6/ The estimates in Table 18 assume the same maintenance of pay relationships with the private sector and the same small increases in numbers of personnel that underlie the recruiting projections. In addition, the estimates assume no change in policies, such as standards for reenlistment eligibility and numbers of persons with prior military service who join and immediately enter the career force. Finally, the estimates in Table 18 are based on percentages of those who remained in the military in 1979, with adjustments for pay increases but not for unemployment. Percentages of those staying in the military in 1980 are higher than in 1979. To the extent that this increase is caused by factors other than higher unemployment in 1980, the estimates in Table 18 are conservative.

Furthermore, although the estimates in Table 18 suggest overall improvements in career manning, the trends among junior enlisted careerists (with 5 to 12 years of service) and senior careerists (with 12 to 30 years' service) are important. Since the mid-1970s, a significant shift toward a more junior career force has occurred, particularly in the Navy and Air Force. This may have heightened concern over career manning. CBO estimates that further shifts toward a junior career force will not occur over the next five years; neither, however, will there be a return to the relatively senior career force levels of the mid-1970s.

PAY RAISES NEEDED TO MAINTAIN COMPARABILITY WITH PRIVATE-SECTOR PAY

Both the recruiting and retention estimates discussed above assume that future raises will match those for workers in private-sector industries competing with the military for personnel. Thus, the required raises probably will vary among officers and enlisted personnel and among occupational groups. Indeed, the Department of Defense is required to report to the Congress by April 1, 1981, on the appropriateness of the current pay raise mechanism, which ties military pay raises to those given to federal white-collar workers. 7/

While CBO cannot predict the exact level of required raises, anticipated pay raises for workers in manufacturing industries may provide a rough guide, particularly for enlisted personnel. CBO estimates that pay raises for nonfarm production workers in the private sector will be 9.1 percent in 1982 and will average 9.9 percent a year from 1983 to 1986. These civilian raises suggest a standard for evaluating increases proposed in the President's fiscal year 1982 budget. Such an evaluation is particularly important because past limits on military pay raises, coupled with raises based on white-collar experience that may not be appropriate for all the military, contributed to the

7/ Authorizing Appropriations for Fiscal Year 1981 for Military Procurement, Research and Development, Active Duty, Selected Reserve, and Civilian Personnel Strengths, Civil Defense, and for Other Purposes, S. Rept. 826, 96:2 (June 1980), p. 121.

recruiting and retention problems experienced in fiscal years 1979 and 1980. 8/

ALTERNATIVES TO MEET RECRUITING GOALS

Even if military pay raises keep pace with pay increases in the private sector, the projections in an earlier section suggested that recruiting trends--as measured by the percentage of male recruits with high school diplomas--are declining. On the other hand, retention seems to be improving, due in part to the substantial 1981 pay increases aimed mainly at careerists. This suggests that recruiting may be the key problem facing the Congress in the next few years. Following a discussion of the validity of current quality constraints, this section addresses several alternatives that could improve recruiting: further pay raises, enlistment bonuses, and education benefits. All these alternatives assume continuation of the All-Volunteer Force. 9/

Validity of Quality Measures

The test-score objectives mandated by the Congress, coupled with the emphasis on recruiting high school graduates, have contributed to current recruiting problems. Thus, these measures of recruit quality deserve further scrutiny. Unfortunately, there is only fragmentary evidence on how formal education and test scores predict one's ability to perform military tasks effectively. Recruits holding high school diplomas are, however, about twice as likely to complete their first term of service as those without degrees, so this requirement may improve the stability and readiness of the armed forces. In addition, a recent study suggests that those scoring higher on entrance tests are also more likely to pass the military Skill Qualification Tests, which measure ability to perform common military

8/ Congressional Budget Office, Costs of Manning the Active-Duty Military (May 1980), p. 5.

9/ For a brief discussion of the pros and cons of continuing the All-Volunteer Force, see *Ibid.*, pp. 9-11.

jobs. ^{10/} Finally, the recruiting constraints imposed by test scores may be desirable to ensure that the services--and particularly the Army--are to some degree representative of the U.S. population.

Thus, while the relationship between success in the military and measures such as entrance examination test scores and high school diplomas has not been fully established, these measures remain the best that are currently available. Also, the test-score objectives are now embodied in public law. Therefore, the remainder of this section estimates the costs of maintaining recruit quality, as measured by diplomas and test scores.

Pay Raises or Bonuses

Meeting recruiting goals in the face of estimated declining trends will require additional compensation. Table 19 estimates these added costs, which depend on the stringency of recruiting goals and the nature of the pay increases. The top part of Table 19 shows added costs assuming that the services meet their numerical recruiting goals while (1) complying with the Congressionally mandated test score objectives and (2) keeping the percentages of male recruits holding high school diplomas at levels equal to the average over the last three years (see Table 17). The lower part of the table makes the same assumptions, except that the Army is assumed to meet the more demanding 65 percent target for high school graduates set by the Congress for fiscal year 1981.

Recruiting goals could be met through across-the-board pay raises for all military personnel (officers and enlisted personnel on active and reserve duty) that go beyond those needed to keep pace with the private sector. Added costs would then range from zero to \$3.0 billion in fiscal year 1982 and would total between \$9.3 billion and \$21.6 billion over the five-year period, depending on the stringency of quality goals in the Army (see Table 19). The required pay raises, above those needed to keep

^{10/} U.S. Department of Defense, Implementation of New Armed Services Vocational Aptitude Battery and Actions to Improve the Enlistment Standards Process, A Report to the House and Senate Committees on Armed Services (December 1980), p. 11.

TABLE 19. INCREASED COSTS ABOVE THE BASELINE OF ALTERNATIVE PROGRAMS TO MEET OBJECTIVES FOR RECRUITING AND CAREER MANNING, FISCAL YEARS 1982-1986 (In billions of fiscal year 1982 dollars)

Type of Increase	1982	1983	1984	1985	1986	Total 1982-1986
<u>High School Graduates as in Last Three Years</u>						
Across-the-Board Pay Increase	0.0	2.3	2.3	2.3	2.4	9.3
Targeted Bonuses						
Enlistment	0.1	0.6	0.6	1.0	0.8	3.1
Reenlistment	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.5</u>
Total Bonuses	0.2	0.7	0.7	1.1	0.9	3.6

<u>As Above Except 65 Percent Target for Army</u>						
Across-the-Board Pay Increase	3.0	4.6	4.6	4.7	4.7	21.6
Targeted Bonuses						
Enlistment	0.4	1.0	1.0	1.3	1.2	4.9
Reenlistment	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.5</u>
Total Bonuses	0.5	1.1	1.1	1.4	1.3	5.4

pace with raises in the private sector, would range from zero to as much as 9 percent in fiscal year 1982; the cumulative raise by 1986 would total from 7 to 14 percent. ^{11/} The raises are similar

^{11/} Actual military pay raises would equal the real raises noted here plus increases to keep pace with private-sector pay. Given CBO estimates of pay raises needed to keep pace, actual military pay raises under this option would range from 9 to 19 percent in 1982 and would total 70 to 81 percent over the next five years.

in form to legislation proposed in the 96th Congress (H.R. 7441 and S. 2629), though their size and timing would differ. Across-the-board increases would meet recruiting goals both by increasing the willingness of recruits to enlist and by improving retention of career personnel, which would reduce recruit demand.

Recruiting goals could be met less expensively if pay increases beyond those necessary to keep pace with private-sector pay were provided through increased enlistment bonuses. Enlistment bonuses provide cash payments to enlistees entering skill areas for which it is difficult to attract recruits. Meeting recruiting goals with added bonuses would cost between \$0.1 billion and \$0.4 billion in 1982 and between \$3.1 billion and \$4.9 billion over the five-year period 1982-1986; the range again will depend on the Army's target for high school graduates. ^{12/} (These estimates also assume increases in reenlistment bonuses, which are discussed below.) By 1986, the lower level of increases suggested in Table 19 would mean that the real level of enlistment bonuses would be more than 35 times higher than the level in 1981. The estimates in Table 19 are based on aggregate techniques that do not produce a detailed list of enlistment bonuses by service and skill, but most of the increases would probably go to recruits in the Army and Marine Corps, particularly those in the combat arms.

The large differences in costs between across-the-board pay raises and bonuses suggest the importance of the method of increasing pay. The differences could be narrowed if the Congress expanded, and the services used, authority to allocate overall pay raises differentially among pay grades. Under such a scheme, pay raises for first-term personnel and for some career personnel could be larger, while raises for other groups, such as officers, might be smaller. In 1980, the Congress granted the President permanent authority to allocate up to 25 percent of the raise differentially among those with differing pay grades and years of service, except that the allocation procedure cannot be used to increase pay raises for personnel with four or less years of service above the overall raises in basic pay given to civilian employees. If the pay raise allocation scheme were to be used differentially to aid recruiting, the Congress would have to eliminate this restriction.

^{12/} Costs assume that bonuses are paid to all male and female recruits who are high school diploma graduates and who score in Category III or above on the entrance test.

Education Benefits

Rather than enacting across-the-board increases or higher enlistment bonuses, the Congress might choose to improve recruiting by increasing military education benefits. ^{13/} Improved education benefits have received wide support. They have been advocated by the Chief of Staff of the Army, and during the last Congressional session about 10 different plans were introduced. Only a limited test of various proposals was actually enacted, however. Improved military education benefits could help recruiting, particularly of high school graduates with high test scores, since they might be the most likely to want to continue their educations. Education benefits might also enhance the image of the military as a desirable place to serve before continuing in school.

On the other hand, more generous education benefits might be relatively ineffective as a recruiting incentive. Youths today have numerous federal and state student aid programs available to them that do not require military service. Also, the desire to continue in school may be less strong among those who enlist in the combat arms. For these reasons, even a generous package of military education benefits may not significantly aid recruiting, particularly for skill areas like the combat arms in which recruiting shortages are most severe. In addition, education benefits are delayed for several years until a person completes military service. Since young persons generally have a strong preference for receiving benefits now rather than later, the education benefits needed to meet recruiting goals might have to be more generous--and hence more expensive--than the enlistment bonuses needed to accomplish the same goals.

Resolving these many issues is beyond the scope of this overview. ^{14/} Nonetheless, one point seems clear. The costs of meeting recruiting goals with education benefits will be

^{13/} Current military education benefits are less generous than those under the Vietnam-era G.I. Bill, which was terminated for new recruits in 1977.

^{14/} CBO is currently analyzing military education incentives at the request of the Military Personnel Subcommittee of the House Armed Services Committee. The final report of this analysis should be available in the spring of 1981.

substantially higher if benefits are made available to all new enlistees, as was the case under the old G.I. Bill, rather than being targeted at those groups of recruits in short supply. Thus, in considering education benefits, the Congress faces a choice between targeted benefits and higher costs that is similar to the one discussed above with regard to enlistment bonuses and across-the-board pay raises.

ALTERNATIVES TO IMPROVE RETENTION OF CAREER PERSONNEL

Even if pay or benefits are increased to ensure adequate numbers and quality of recruits, the services must also maintain adequate numbers of career personnel. Preceding sections noted that pay raises approved last year--many of which were aimed at careerists--coupled with other factors, should increase the numbers of careerists serving in each of the services over the next five years. Moreover, CBO's projections suggest that all the services, except the Navy, will meet or exceed their objectives for careerists by 1982 and that the Navy will come close by 1986.

Some important career manning issues still remain, however. The services may suffer a shortfall of career personnel in some technical skill areas, for which pay may have to be increased. Also, the services may want to expand the size of their career force in anticipation of future force level increases, which some of the options in previous chapters envisioned. That expansion might have to begin now, given that a career force takes many years to develop. Even in the absence of force level increases, however, more careerists may be needed. In 1982, careerists will make up about 42 percent of the enlisted force, a percentage similar to the level that prevailed over the last decade. Yet new, higher-technology equipment may demand a higher percentage of careerists. Finally, even if the services do not want to expand their career forces, the expansion of defense production suggested by options in previous chapters could improve the civilian employment opportunities of some careerists with technical skills, thereby exacerbating retention problems.

For all these reasons, the military services may want to consider further compensation increases for their career personnel. One approach would be to increase reenlistment bonuses. The Congress could, for example, enact a \$100 million increase in reenlistment bonuses for 1982 and maintain the resulting real level in 1983 and beyond. This would represent