



**NAVAL
POSTGRADUATE
SCHOOL**

MONTEREY, CALIFORNIA

THESIS

**CONTEMPORARY ISSUES IN COMPENSATION WITH
RESPECT TO RECRUITING AND RETENTION:
QUESTIONS AND OPPORTUNITIES FOR THE U.S.
MILITARY**

by

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December 2017

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REPORT DOCUMENTATION PAGE			Form Approved OMB No. 0704-0188	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington, DC 20503.				
1. AGENCY USE ONLY (Leave blank)	2. REPORT DATE December 2017	3. REPORT TYPE AND DATES COVERED Master's thesis		
4. TITLE AND SUBTITLE CONTEMPORARY ISSUES IN COMPENSATION WITH RESPECT TO RECRUITING AND RETENTION: QUESTIONS AND OPPORTUNITIES FOR THE U.S. MILITARY			5. FUNDING NUMBERS	
6. AUTHOR(S) Braden T. Trainor and David S. Kim				
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Naval Postgraduate School Monterey, CA 93943-5000			8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING /MONITORING AGENCY NAME(S) AND ADDRESS(ES) N/A			10. SPONSORING / MONITORING AGENCY REPORT NUMBER	
11. SUPPLEMENTARY NOTES The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government. IRB number ____N/A____.				
12a. DISTRIBUTION / AVAILABILITY STATEMENT Approved for public release. Distribution is unlimited.			12b. DISTRIBUTION CODE	
13. ABSTRACT (maximum 200 words) We examined relevant literature on military compensation, recruitment, and retention to explore how best the Department of Defense (DOD) could improve its talent management. How can we provide qualified personnel for the world's leading military when we are faced with the need for a U.S. military force capable of meeting the complex assignments and challenges of the future? Findings include that (1) the DOD needs proactive conversations regarding compensation that feature military members, (2) the DOD may consider including pay incentives and compensation as a force-shaping tool to recruit more experienced enlistees and those with specialized training, as well as successfully competing with the private sector, and (3) overall, the DOD could rethink its definition of the ideal soldier to meet tomorrow's potential military needs. The literature, including articles based on personnel economics, also revealed the need to craft more long-term military leaders and highlighted nine main areas in which to potentially do so. These main areas are: using compensation as a tool to retain the best qualified personnel, adjusting the pyramid structure to include more long-term leaders, increasing attention and resources toward retention, considering the X-factor, paying careful attention to military families, avoiding service member over-generalization, compensating job design, implementing qualitative measures of effectiveness, and training leaders toward diplomatic aplomb.				
14. SUBJECT TERMS compensation, military, talent management, personnel economics, recruitment, retention, pay incentives			15. NUMBER OF PAGES 77	
			16. PRICE CODE	
17. SECURITY CLASSIFICATION OF REPORT Unclassified	18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified	19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified	20. LIMITATION OF ABSTRACT UU	

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RECRUITING AND RETENTION: QUESTIONS AND OPPORTUNITIES FOR
THE U.S. MILITARY**

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MASTER OF BUSINESS ADMINISTRATION

from the

**NAVAL POSTGRADUATE SCHOOL
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ABSTRACT

We examined relevant literature on military compensation, recruitment, and retention to explore how best the Department of Defense (DOD) could improve its talent management. How can we provide qualified personnel for the world's leading military when we are faced with the need for a U.S. military force capable of meeting the complex assignments and challenges of the future? Findings include that (1) the DOD needs proactive conversations regarding compensation that feature military members, (2) the DOD may consider including pay incentives and compensation as a force-shaping tool to recruit more experienced enlistees and those with specialized training as well as successfully competing with the private sector, and (3) overall, the DOD could rethink its definition of the ideal soldier to meet tomorrow's potential military needs. The literature, including articles based on personnel economics, also revealed the need to craft more long-term military leaders and highlighted nine main areas in which to potentially do so. These main areas are: using compensation as a tool to retain the best qualified personnel, adjusting the pyramid structure to include more long-term leaders, increasing attention and resources toward retention, considering the X-factor, paying careful attention to military families, avoiding service member over-generalization, compensating job design, implementing qualitative measures of effectiveness, and training leaders toward diplomatic aplomb.

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LIST OF ACRONYMS AND ABBREVIATIONS

AVF	All-Volunteer Force
BAH	Basic Allowance for Housing
BAS	Basic Allowance for Subsistence
BLS	Bureau of Labor Statistics
BRS	Blended Retirement System
BUMED	Bureau of Medicine and Surgery
CBO	Congressional Budget Office
CEO	Chief Executive Officer
CNA	Center for Naval Analysis
CSB/REDUX	Career Status Bonus/REDUX
CSO	Critical Skills Operators
DARPA	Defense Advanced Research Projects Agency
DFAS	Defense Finance and Accounting Service
DOD	Department of Defense
DON	Department of the Navy
ECI	Employment Cost Index
FEPCA	Federal Employees Pay Comparability Act
FMR	Financial Management Regulation
FTAP	First Term Alignment Plan
GAO	General Accounting Office
GS	General Schedule
HQMC	Headquarters Marine Corps
MAGTF	Marine Air-Ground Task Force
MARADMIN	Marine Administrative Message
MARSOC	Marine Corps Special Operations Command
MEPS	Military Entrance Processing Station
MOS	Military Occupational Specialty
MWR	Morale, Welfare, and Recreation
OCS	Officer Candidate School
QRMC	Quadrennial Review of Military Compensation

OSD	Office of Secretary of Defense
RMC	Regular Military Compensation
S&I	Special and Incentive
SAMHSA	Substance Abuse and Mental Health Services Administration
SRB	Selective Retention Bonus
TBS	The Basic School
TTPs	Techniques, Tactics, and Procedures
UAV	Unmanned Aerial Vehicles
VA	U.S. Department of Veterans Affairs
VBA	Veterans Benefits Administration

I. INTRODUCTION

The United States of America has the largest defense budget in the world. In fact, “the United States spends more on defense than the next eight countries combined” (Peter G. Peterson Foundation, 2017). Thus, it is not surprising that few would refute the claim that the U.S. military is also the most advanced and well-equipped in the world. Even the best, however, can be improved. The Department of Defense (DOD) aspires to provide the best military it can within the constraints of their current budget. To meet that goal, we must examine our military compensation and benefits strategy to ensure we recruit and also retain the “best and most qualified” service members (Amos, 2014, p. 17).

If the United States expects to maintain its role as leader in the global economy, it must anticipate the challenges of tomorrow and outwit its adversaries. Yet, the DOD is in a race with the rest of the economy for talent in an increasingly competitive labor market. The military must find the means to successfully compete with the private sector in order to procure the best personnel for continued global leadership.

A. RESEARCH QUESTION

What policy changes can the DOD make that will improve the quality of its military force without increased spending? In this thesis, we provided a detailed review of the available literature in order to investigate the potential for improvement. We chose to refine that enormous question to include only military personnel, which accounts for “roughly one-quarter of the Department of Defense’s budget” (Congressional Budget Office [CBO], n.d.).

More specifically, we examined the current academic literature and government reports on total military compensation, as well as recruitment and retention, in order to investigate whether the current compensation package for military personnel is optimal, or if policy changes offer room for improvement. Additionally, we have synthesized these references to provide readers with the relevant sources for further inquiry and provided analyses to provoke dialogue on the pressing factors involved in creating and

sustaining a military force with personnel of the highest quality and commensurate with the largest defense budget in the world.

Based upon the need for U.S. military leaders who will prevail when faced with the complex assignments and challenges of both today and tomorrow, it is imperative that these questions are asked in order to conduct self-assessment and seek potential areas for positive change.

The United States remains committed to producing the world's best military. This necessitates the acquisition and retention of innovative leaders and visionaries who may not respond to traditional forms of military recruitment. And, yet this challenge is compounded by our nation's equal commitment to a military comprised of an All-Volunteer Force (AVF). To provide a detailed review, we asked the following sub-questions.

1. How does the DOD pay service members, including total compensation, special pays, and incentive-based programs, in order to acquire and retain talent?
2. In what areas might the DOD implement changes to its recruitment paradigm in order to improve its means of acquiring talent?
3. In what other areas might the DOD implement changes to its talent management in order to improve its means of retaining the best qualified personnel?

B. METHODOLOGY

Our research focused on talent management tools used to acquire and retain the best qualified personnel. Special attention was given to policies that could improve outcomes via the reallocation of resources. We approached this problem through the lens of personnel economics, focusing on how compensation incentives impact behavior in the military labor market.

We reviewed military and defense think-tank literature (e.g., organizations such as Defense Advanced Research Projects Agency [DARPA], the Rand Corporation, the Center for Naval Analysis [CNA], etc.) for studies on compensation, recruitment, retention, and talent management. We studied the evolution of techniques used in the

past, the success of such techniques, and the need for change in the face of technological advances.

We also reviewed academic literature on the application of personnel economics in the private sector. We identified strategies that managers use to enhance the quality of their workforce and, we reviewed types of organizational structures to determine the right mix of worker specializations within the complexity of our military system.

We synthesized the relevant references that we found to describe to readers not only the primary research, but also highlight the salient factors necessary to provoke discussion and conduct future research. Lastly, we formulated our recommendation, highlighting potential opportunities for effecting lasting improvements to personnel management in the military.

C. RESEARCH DESIGN

Following this introduction, Chapter II explains the term compensation in a military context, summarizes how military compensation and the current AVF has evolved since World War II, and explores how current military research and personnel economics concepts may reveal opportunities for improved acquisition and retention of the best qualified personnel through compensation. Chapter III builds on compensation in its examination of the current military recruitment model and alternatives for today's issues, including the crucial need for counterinsurgency expertise. Chapter IV builds on the previous review and presents discussion on how to keep, or retain, best qualified personnel, and Chapter V concludes by synthesizing the findings of this review, providing potential recommendations to stimulate discussion, and offering suggestions for future research.

In summary, we discovered that the field of personnel economics suggests a number of strategies by which the military can use compensation to incentivize the desired outcomes. Additionally, we found that there are useful insights from the private sector that can help guide personnel decisions in the military.

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II. U.S. MILITARY MEMBERS' COMPENSATION

Understanding incentives is crucial to ensuring we have the best qualified personnel, those with the right talent and required skills, to meet the challenges and adversaries of today and the future. In order to provide a detailed review and, therefore, stimulate discussion and further research regarding how DOD might better ensure acquisition of the best and qualified personnel, Chapter II describes compensation for the U.S. military. This chapter defines the elements of military compensation, then reviews key historical events and legislative acts that impacted its development from the World War II era through the introduction of the AVF, following the Vietnam conflict, and on into the military we have today. Last, we investigate whether opportunities for improvement exist by analyzing current military research, as well as studies of personnel economics from the private sector.

A. U.S. MILITARY MEMBERS' COMPENSATION

Compensation for U.S. military members includes all things provided to a service member in return for their labor, including: cash payments, non-cash benefits, and deferred benefits, as Figure 1 shows.

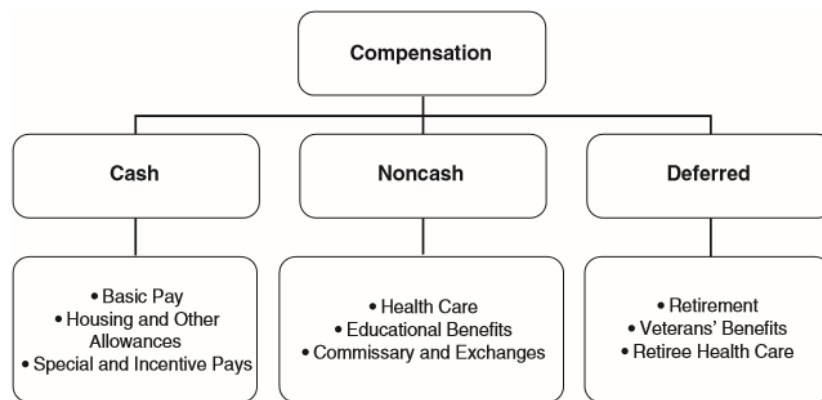


Figure 1. Active Duty Military Pay and Benefits According to the Type of Compensation. Source: Government Accountability Office (GAO) (2010, p. 6.)

Additionally, Regular Military Compensation (RMC), which is defined by law as all cash payments except special pay and bonuses as well as advantages from non-taxed allowances (U.S. Department of Defense [DOD] Office of the Secretary of Defense [OSD], 2012, p. 17), is the most widely used measure for comparisons of military and civilian compensation (Murray, 2007, p. 1).

1. Cash Payments

The largest part of RMC, “cash compensation [for U.S. Military members], comprises just over 50 percent of military compensation, the major elements of which are basic pay and allowances for housing (BAH), subsistence (BAS)” (DOD OSD, 2012, p. 17). Since BAH and BAS are allowances exempt from federal and state income taxes, this additional benefit must factor into the military compensation package (DOD OSD, 2012, p. 18). However, “Special and Incentive (S&I) pay is targeted compensation ... and the amount awarded can vary considerably. Because most personnel do not receive an S&I pay, or only receive these pays for a limited time, they are not included as part of RMC” (DOD OSD, 2012, p. 19). The main component of service members’ salary, “basic pay rates are based on rank and years of service” (DOD OSD 2008, p. 19). This is universal across all U.S. military branches of service. Basic pay rates do not vary based on jobs or duty location; instead, they increase with “[promotion] to higher grades or [accumulated] additional years of service” (DOD OSD, 2008, p. 19).

Beyond basic pay, cash payments include BAH, BAS, and, when applicable, special payments and bonuses. BAH is the second largest element of a service members’ salary. This tax-exempt segment is “designed to cover housing costs of service members not living in government housing” (DOD OSD, 2008, p. 19). BAH is based on pay grade, service members’ family status, and varies by geographic location (DOD, OSD, 2008, p. 19). The other tax-exempt allowance, BAS, is “designed to defray the cost of service members’ meals ... and not intended to cover the meal costs of military dependents” (DOD OSD, 2008, p. 20). “There is one rate for enlisted and another for officers” (DOD, OSD, 2008, p. 20). All enlisted service members get full BAS (2016 rate of \$368.29 per

month) while officers receive partial BAS (2016 rate of \$253.63 per month) (Defense Finance and Accounting Service [DFAS], 2017).

Special pays and bonuses are supplemental pays used to “address staffing shortfalls in a specific occupational area, compensate members for hazardous or otherwise less desirable duty assignments, and encourage attainment and retention of valuable skills” (DOD OSD, 2008, p. 20). For clarification, special pays and bonuses do not resemble Christmas or year-end bonuses familiar to employees in the private-sector. Instead, military special pays and bonuses either seek to compensate for hazardous duties, such as exposure to hostile fire in combat, or incentivize retention of Critical Skills Operators (CSO) from Marine Corps Special Operations Command (MARSOC), since the training is expensive and the attrition rate is high.

2. Non-cash Benefits

Non-cash benefits for all U.S. military members include “benefits such as health care, educational assistance, government housing,” and access to commissaries and exchanges (DOD OSD, 2008, p. 21).

Health care, education, and housing are key benefits that both supplement basic pay and also make possible the service of U.S. military members. Health care, considered one of the most important benefits of military service, is provided to all active-duty service members, enlisted and commissioned officers, and their dependents enrolled in TRICARE (DOD OSD, 2008, p. 21). Educational benefits, such as college loan repayment programs, scholarships, federal tuition assistance, Montgomery G.I. Bill, and Post-9/11 G.I. Bill are available to eligible service members, enlisted and commissioned officers, while on active duty (DOD OSD, 2008, p. 21). Most of the educational benefits extend beyond active-duty, to include reservists and those having completed their military service. Family members may also benefit from the Post-9/11 GI Bill. “Some service members may also transfer unused G.I. Bill benefits to their dependents” (U.S. Department of Veterans Affairs [VA], 2017a). On-base government housing or privatized military housing is a benefit military members and their families may choose. When service members accept government housing, they relinquish part or all of their BAH.

“The value of government living quarters varies significantly, depending on grade; assignment; and number, age, and gender of dependents” (DOD OSD, 2012, p. 20).

Other non-cash benefits include those services provided by the installation or military base such as “commissaries and exchanges, golf courses, libraries, bowling centers, arts and craft centers, fitness facilities, and many others” (DOD OSD, 2012, p. 20). Collection of sales tax is waived at military exchanges, therefore service members may be able to access products and gasoline at reduced prices, for example. Commissaries provided even greater benefits by selling food “at cost plus a five percent surcharge” (Commissary, Exchange, and MWR, n.d.). The available services vary greatly depending on location.

3. Deferred Benefits

Deferred benefits consist “principally [of] military retirement payments and retiree health care” (DOD OSD, 2008, p. 22).

U.S. military members have several options for retirement pay, including traditional retirement pay, the Career Status Bonus/Redux (CBS/REDUX) plan, and most recently the Blended Retirement System (BRS).

Traditional retirement pay is provided to service members after 20 or more years of service. The retirement remuneration “is calculated by using the average of the highest 36 months of basic pay” (DFAS, 2015b) (typically, the final three years of a service member’s time on active-duty). A service percent multiplier is required to estimate retirement pay, based on years of active-duty service, which “retirees receive 2.5 percent for each year of active-duty service toward their service percent multiplier” (DFAS, 2015b). For example, a retiree with 20 years of active-duty service would be eligible for 50 percent of their basic pay (DFAS, 2015b).

The CSB/REDUX plan, is valid through December 31, 2017 and became available to “members who entered the service after July 31, 1986” (DFAS, 2015a). The CSB/REDUX plan offers a “\$30,000 bonus when [service members] reach 15 years of active service” (DFAS, 2015a). If service members elect to take the CSB/REDUX bonus,

their retirement multiplier is reduced “by 1 percent for each full year of creditable service less than 30” (DFAS, 2015a). Service members retiring at 20 years of active duty service, for example, would be eligible for 40 percent of their retired pay base instead of the 50 percent under the High-3 Year Average plan (DFAS 2015b).

As of January 1, 2018, the CSB/REDUX plan will cease to be an option. It will be replaced with the latest change to the military retirement plan: the implementation of the Blended Retirement System (BRS) (DOD, n.d.). Service members with greater than 12 years of active duty service from the effective date will not be eligible for BRS (DOD, n.d.) “Active Component Service members with fewer than 12 years since their Pay Entry Base Date” will be “grandfathered under the legacy retirement system” but will also be given “the option to opt into the BRS” from January 1, 2018 to December 31, 2018 (DOD, n.d.). One key attribute of the BRS is that “85% of all service members will get retirement benefits... [instead of] only 19%” of active duty service members due to the 20-year cliff vesting under the traditional plan (DOD, 2017b, p. 5).

Three main elements of the BRS are the defined benefit, defined contribution, and continuation pay (DOD, 2017b, p. 5). Defined benefit qualification, or how the pay is calculated, is the same as it was with traditional retirement. The only difference in BRS retirement pay calculation is that it now uses a retirement multiplier of two percent instead of 2.5 percent (DOD, 2017b, p. 5). Defined contribution is designed to be a portable benefit for those who serve less than 20 years (Military Pay, 2017). The DOD will automatically contribute 1 percent of service members’ basic pay into Thrift Savings Plan (TSP) account, and, after two years, the DOD will match up to four percent of service members’ basic pay contribution (DOD, 2017b, p. 5). Continuation pay is a cash bonus ranging from “2.5 to 13 times monthly basic pay” (DOD, 2017b, p. 5). It is designed to target mid-career level service members and “payable at 8, but not more than 12 years of service” (DOD, 2017b, p. 5).

Beyond retirement pay, deferred benefits include retiree health care and other services through the U.S. Department of Veterans Affairs (VA). Health care is available to eligible retirees through TRICARE For Life at a minimal cost. Depending on which health plan option a retiree chooses, the “retiree and their families can select a plan with

an annual enrollment fee and co-pays for treatment...or purchase a plan with a deductible of \$150 per individual but not more than \$300 per family” (TRICARE for Retirees, n.d.). Additionally, the Veterans Benefits Administration (VBA) “provides a variety of benefits and services to Service members, Veterans, and their families” to include: “disability compensation, pensions, education, home loans, life insurance, vocational rehabilitation, survivors’ benefits, health care, and burial benefits” (VA, 2017b).

B. HISTORY OF U.S. MILITARY MEMBER COMPENSATION AS AVF

1. Income Issues during Conscription after Bombing of Pearl Harbor

Conscription during World War II had economic implications beyond compensation. While the draft was initiated in 1940 (Franklin Roosevelt approves military draft, n.d.), the bombing of Pearl Harbor a year later more fully united the nation in terms of perceiving conscription; people viewed enlistment in the military as not only honorable, but as a righteous duty following a horrific act of war. The draft had the general support of U.S. people, and the concept of equal sacrifice overshadowed concerns of individual financial compensation. “All men between the ages of 21 and 36” were required to register for Selective Service, and “a national lottery system was used” to identify draftees (Rostker, 2006, p. 26).

Unlike earlier drafts when conscripts were permitted to “hire a substitute to serve in their stead (Rostker, 2006, p. 23), the 1940s law, the Selective Service and Training, prohibited such practice, and greater scrutiny was placed on deferments (Rostker, 2006, p. 26). Government officials and those in occupations that were deemed “necessary to the maintenance of the public health, interest and safety” were now the only individuals with legitimate exclusions (Rostker, 2006, p. 26), essentially meaning that upper income individuals were still more likely to be able to avoid serving if they so chose. Eventually, after four years of military involvement in World War II, the public’s support of the draft started to wane, and the need to answer the call to duty noticeably lessened (Rostker, 2006, p. 26). The DOD must be prepared to utilize tools, such as compensation and incentive pays to offset the period of decline after patriotic fervor subsides in order to sustain an able-bodied force in readiness.

2. Compensation Inequality and Opposition to the Draft during Vietnam

Overt and wide-spread opposition to the draft was not exhibited until the Korean War and Vietnam conflict. Questions were raised about the fairness of the draft system and its policies, with the majority of the issues related to income equality questions. Large numbers of “draft-eligible men had educational and occupational deferments” (Rostker, 2006, p. 28). Deferments appeared to favor the wealthy and those in white-collar occupations. In turn, this caused resentment among the poor and lower middle-classed populations who could not afford to attend college and those employed in blue-collar jobs not exempt from the draft. Additionally, draftees often perceived that they had to pay a penalty tax for being drafted since “the pay for junior military personnel was substantially below that of comparably aged and educated civilian workers” (Cooper, 1977, p. v), as Table 1 shows.

Table 1. Comparison of Compensation Profiles for Enlisted Men and a Comparable Population of Civilians, by Length and Service (1970 Pay Rates). Source: Harris (1994, p. 9)

<u>Years of Service</u>	<u>Total Military Compensation</u>	<u>Total Civilian Compensation</u>	<u>Mil Comp divided by Civ Comp (%)</u>
1	\$3,251	\$5,202	62.5
2	3,935	5,803	67.8
3	5,275	6,370	82.8
4	6,249	6,908	90.5
5	8,516	7,409	114.9
6	8,151	7,876	103.5
7	8,741	8,306	105.2
8	9,125	8,691	105.0
9-10	9,505	9,065	104.9

Table 1 highlights how, during the first two years after being drafted, Vietnam draftees had no choice but to receive at least 30 percent less in compensation than if they had been able to accept a comparable civilian job. According to Cooper, “those who were

not forced to serve—about 80 percent of the military age male population—also benefited substantially while the other 20 percent [who were drafted] carried the full burden” (Cooper, 1977, p. v).

3. First Attempt to Balance Inequality between Civilian and Military Pay: The AVF

The case for the AVF was made by the Gates Commission at the request of President Nixon in the 1960s. The Gates Commission considered the inequities of the draft as well as the economic feasibility of ending it (Harris, 1994, p. 7). They concluded that the “cost of the military should be borne by all taxpayers, not just a select few who were unable to avoid the draft” (Harris, 1994, p. 8) and recommended that “first-term pay be raised to a level commensurate with earnings comparably aged and educated civilian workers” (Cooper, 1977, p. v). Cooper also adds that, with the ability to make “payments of a market wage,” the draft would no longer be necessary as the military would be able to “attract enough volunteers” into service (Cooper, 1977, p. v).

4. Later Federal Law to Address Gap between Civilian and Military Compensation

The military compensation system has evolved over time and continues to at least attempt to address, via federal law, the perceived pay gap between military basic pay and the wages and salaries of their civilian counterparts (Murray, 2007, p. 2). Prior to implementation of the AVF, Congress attempted to regulate military pay by passing Public Law 90–207, which increased military pay “whenever the General Schedule (GS) of Compensation for Federal classified employees [civil service workers] increased” (DOD, 2017a, p. 8–8). It was not until the passing of the Federal Pay Comparability Act of 1970 that military pay was “measured annually against comparable civilian sector jobs” (Harris, 1994, p. 16).

In spite of these measures, by the 1980s, the pay gap between civil service salaries and those in the private sector grew even more considerable and could not be ignored. Congress responded with the adoption of the Employment Cost Index (ECI). The ECI is a quarterly report generated by the Bureau of Labor Statistics (BLS) to demonstrate

fluctuations in the wages and salaries of the private sector (Ruser, 2001, p. 3). The Federal Employees Pay Comparability Act (FEPCA) of 1990 solidified the utilization of this method, stating that the figures reported by the “ECI for wages and salary of private-industry workers be used to determine pay increases for federal employees” (Murray, 2007, p. 9). These inclusions in compensation packages were “used in Congressional deliberations” to greatly enhance the military’s ability to keep wages competitive in the marketplace (Murray, 2007, p. 9).

Despite the intent of the FEPCA, in the ten years that followed its creation, increases in private sector wages outpaced “pay growth for officers” but “kept pace for enlisted personnel” (Hosek & Sharp, 2001, p. 5). In 2000, Congress again attempted to correct this and approved a “4.8 percent increase in basic military pay” (Hosek & Sharp, 2001, p. 4). Military pay continued to increase at a rate of one “half a percentage point higher than the annual increase in the ECI” for private sector wages between 2001 and 2006 (Hosek & Sharp, 2001, p. 4). Congress also restructured the housing allowance to eliminate out-of-pocket costs paid by service members. “With housing and food allowances and those tax advantages added to basic pay, increases in military compensation outpaced increases in the ECI beginning 2000, and the pay gap became a pay surplus after 2002” (Murray, 2007, p. 12). In 2004, United States Code, Title 37, Section 1009 mandated that the military “basic pay shall increase according to ECI levels to keep military pay competitive with the private sector” (Murray, 2007, p. 9).

C. CHAPTER CONCLUSION

Now that we have an AVF and military compensation that is federally mandated to keep pace with the private sector, it might be easy to elicit skepticism that any problem with compensation for U.S. military members even exists. Of course, that skepticism would be met with return skepticism by any federal employee, aware that federal employment compensation does not necessarily compare to that of private sector opportunities no matter what the indices may indicate. Still, the idea behind service is deeply rooted in the United States’ core values.

Does service intrinsically mean we need to make less money for our efforts? Should those involved in service occupations, whether they be in the military, emergency response, law enforcement, or fire, be asked to compromise their families' futures and accept substandard remuneration? That, unfortunately, is a larger question not addressed within the scope of this report; however, it should be noted that military members are meant to defend and protect national interests. Many would argue that the military occupation must remain purely altruistic, and that any emphasis on compensation for soldiering blurs the line between a volunteer force that sacrifices in service to others and that of mercenary work. There may also be reluctance to admit there is a problem with the current compensation program as the United States rarely has trouble meeting its manpower objectives (i.e., quantity quotas), a concept that Chapter II further explores. Regardless of one's opinion in these matters, complex compensation issues must be studied, understood, and wielded intelligently. Otherwise, well-intentioned changes may lead to unanticipated and undesirable outcomes.

When we consider that compensation goes beyond cash, and beyond benefits, to the work environment and the reasons that people both join and stay in service, as much of the literature explores, the situation becomes infinitely more complex. Furthermore, the public should not take a lack of complaints from active-duty military as tacit approval for the status quo, nor view it as evidence that the military is operating at its full potential, as military members may be understandably reluctant to voice criticism or even weigh in on such matters, lest they sound self-serving. We need to keep probing service members with detailed questions about the realities of their compensation, and we should also ask for information from the general public regarding their perception of military compensation, which naturally influences both the support and recruitment of the best qualified military personnel.

III. U.S. MILITARY RECRUITMENT

The core of our overall readiness and combat effectiveness resides in the individual Marine. Recruiting and retaining high quality people is essential to attaining a dedicated and professional Marine Corps. ... To maintain a force comprised of the best and brightest of American's youth, the Marine Corps uses a variety of officer and enlisted recruiting processes that stress high mental, moral, and physical standards. We retain the most qualified Marines through a competitive career designation process for officers, and a thorough evaluation process for enlisted Marines.

—General James F. Amos
Commandant of the Marine Corps, 2013

While Chapter II explored the basics of military compensation and the development of the AVF, Chapter III explores recruitment in order to continue the review of whether U.S. citizens are truly getting the “most qualified” military personnel. Over the course of the past decade, for example, Marine Corps leadership has remained consistent on the subject of recruitment and retention of the “best and most qualified” Marines. In an all-volunteer military, the nation does not use conscription to select the desired talent from the general population, but instead must make military service attractive in a competitive free labor market. The DOD sets baseline criteria for selective recruiting and commissioning, such as obtaining a minimum level of education and physical fitness. Currently, the military selects from a pool of applicants of those who actively seek out a recruiter or selection officer, or are approached by one. Readers are urged to consider whether others in the general population might ultimately be the “best and most qualified” but are not choosing to enlist or apply for a commission. How best are we to identify these individuals? How can we incentivize their accession into the Armed Forces?

Understanding that recruitment is largely based on who volunteers for service, Chapter II examines the underlying assumption of the current recruitment paradigm, that we do indeed have plenty of volunteers. We offer a potential alternative paradigm, that today's global realities, including nation-building and counterinsurgency operations,

demand we go beyond the baseline numbers and to ensure we are manned with the absolute best and most qualified military personnel within our current defense budget.

A. IS CURRENT RECRUITMENT PARADIGM WORKING?

1. Accession Goals

When considering recruitment, the first question is whether we are able to recruit enough people. The military continues to meet its accession goals each year even though there has been a “decline in positive propensity to serve the military over the past 20 years” (Kilburn & Asch, 2003, p. 42).

Table 2 illustrates that, except in rare occasions, the military has been able to achieve their accession goals. However, it must be noted that the Table does not capture that targeted recruiting strategies and bonus incentives are necessary to achieve the desired level of diversity and retain the right mix of occupational specialties.

Table 2. Total Enlisted Accessions to Active Duty.
Adapted from GAO (2010, p. 6).

Year	Objective number of accessions (goal)	Actual number of accessions	Actual number of accessions as a percent of goal
2000	202,017	202,917	100%
2001	195,324	196,355	101
2002	195,526	196,473	100
2003	184,366	184,879	100
2004	181,803	182,825	101
2005	169,452	163,259	96
2006	179,707	180,540	100
2007	180,376	181,171	100
2008	184,186	184,841	100
2009	163,880	168,968	103

As Table 2 demonstrates, the United States has no shortage of citizens willing to sign up for military service. The purpose of our inquiry is not to argue that the nation would be served better by a military of “soldiers for hire.” Volunteering for the opportunity to defend others is a tradition that should be upheld and represents the best of

our national virtues. Rather, the literature and current global realities show that, despite adequate numbers of personnel willing to enlist, and despite these researchers’ respect for the value of an AVF, the United States needs to aggressively seek new opportunities to improve its personnel force to ensure the best qualified personnel. The next question, then, becomes why people join the military.

2. Why U.S. Citizens Join the Military

The initial reason for joining the military is motivated by intrinsic and extrinsic factors, such as: family tradition, altruistic national service, tuition assistance, job skills training, or simply traveling the world and experiencing new things (Lawrence & Legree, 1996, p. 3–5). Brantley (2014) conducted a survey asking the question “what drives men and women to join the Armed Forces?.” She sent out 130 surveys to active duty service members. Of the 55 surveys completed, the results suggest that 56 percent of military personnel may identify patriotism as the primary “reason for joining the military,” as Table 3 shows.

Table 3. Reasons for joining the Armed Forces.
Adapted from Brantley (2014, p. 16).

Variable	M
Reason for joining the military	
Patriotism	0.56
Benefit	0.24
Acceptance	0.02
Job promotion	0.02
Other	0.17

Nearly 25 percent listed benefits as their motivation, and Table 4 itemizes those benefits.

Table 4. Primary Benefit that Influenced Respondents to Join the Armed Forces.
Adapted from Brantley (2014, p. 17).

<u>Variable</u>	<u>M</u>
Primary Benefits	
Paid Education	0.35
Health Care	0.15
Housing	0
Retirement	0.22
Benefits not a reason	0.22

As Table 4 shows, paid education tops the list, which may well indicate that people often join in order to acquire skills they can take with them.

Most personnel are not joining the military with the mindset of a career professional: for example, a long-term plan to pursue a military specialty, becoming an expert in a field with a mix of quality education and documented real world experience, and practicing this craft until retirement. Historically, the difference between how one approaches a civilian and military career makes sense; for the most part, the American military has been “stood up and stood down” for its major wars and conflicts. For many, the call to service was a response to a temporary crisis; when matters resolved, the majority of the force returned to civilian status. Perhaps, considering the technological challenges of the future, the nuances of diplomacy, and participating in a whole-of-government approach to foreign policy, we should explore a new paradigm, one beyond patriotic service in response to a gruesome event. A high rate of turnover was acceptable in the past when many roles were simply skill or task-oriented. Expertise or education beyond what was needed to perform the job was felt to be unnecessary and therefore cost-prohibitive.

B. NEW RECRUITMENT PARADIGM CONSIDERATIONS

As the military evolves to remain a potent force for the 21st century, the emphasis should shift away from the myopic “what is necessary to perform this skilled task?” to take into account the disaggregated way the military has conducted operations during the

past decade. The strategic consequences of just one soldier's voice in the media, or a televised act of misconduct, can undermine countless military victories and unravel years of political progress. It is not enough for military service members to be simply capable of their baseline Military Occupational Specialty (MOS); today, each service member acts as an ambassador and represents our nation with their actions while on foreign soil. To use a well-worn cliché, the military needs "quality over quantity." Individual actions carry considerable weight; the United States of America cannot afford substantial risks when it comes to the measure of the service member's character.

1. Widen the Aperture to Recruit New Demographics

In the past, the United States has relied heavily on patriotism, camaraderie, travel, and adventure to provide the incentives for fulfilling military personnel quotas. While these reasons still do provide adequate numbers to meet personnel requirements, perhaps providing other incentives might allow us to go beyond simply meeting the quota numbers. Enticing members of the population who may not ordinarily respond to traditional calls for service may result in not just meeting quotas, but actually increasing the range of talent and quality of recruits. The military must seek personnel across the widest possible spectrum to outpace its competitors for labor. Inclusion of these individuals may bring new and valuable skill sets and the promise of innovative approaches to technological challenges.

The ability to succeed in the future may demand that we look beyond our traditions and become pragmatic (even cynical) in order to obtain the best of the available candidates. While true to our core virtues of honor and sacrifice, excluding responders whose incentives may largely lie in self-interest may only limit our selection pool, and diminish our force's effectiveness. Increasingly, communication and interaction with organizations quite unlike the military and its culture are a top priority. Discovering and implementing cutting-edge solutions to complex problems—beyond our current doctrine and techniques, tactics, and procedures (TTPs)— may require the DOD to not only include, but actually entice talent from demographic areas previously untapped or excluded. These areas may include people who possess unique talents or valuable

knowledge, but: do not fall within the window of age eligibility, suffer from physical or mental impairment, have been previously disqualified due to documented drug use.

Furthermore, if the military should succeed in recruiting this talent, it must also consider grooming these personnel for careers where there is ample time for their areas of expertise to cross-pollinate within the organization and effect lasting improvements. Ideally, the commitment from this new pool of talent would be more than the traditional four-year enlistment or a tour as a commissioned officer. A longer commitment would allow the time necessary for the seeds of change to take root, resulting in a more fulfilling career experience for the individual and a corresponding boost to the military's morale, capabilities, and a return on budgetary investment.

These new individuals may increase our ability to capitalize on strategic opportunities in counterinsurgency, nation building and training of indigenous forces with emotional intelligence. Additionally, they may address the increasing need that humanitarian aid and crisis relief operations are handled with diplomatic aplomb and lasting, positive international relations. Achieving a force of this caliber, must include adequate incentives for talented, highly sought-after citizens to enlist or apply for a commission as officers. Furthermore, when the terms of any labor contract are fulfilled, adequate incentive must be provided to retain the now trained and ready active-duty personnel beyond their initial obligation.

The "opportunity for a new start," "patriotism," and the quest for "self-confidence and self-respect" are prominent themes in recruiting; military research reveals personnel who enlist or initially pursue a career in the military are attracted by these concepts (Lawrence & Legree, 1996, p 3-5). While monetary and non-monetary incentives may influence decisions, it is rarely reported that these incentives are what originally draws one to join the military.

2. Compensation as a Force-Shaping Tool

The composition and quality of the military force purchased with our budgetary dollars can be improved. While we have established that the military rarely has any trouble reaching and maintaining the targeted manpower requirement for the size of the

force set by Congress, improved techniques can greatly enhance the caliber of its individual members. There is no denying the military is exceptional at transforming eligible citizens into professional Soldiers, Sailors, Airmen, and Marines. However, an all-volunteer military in a free labor market will consist of men and women from certain economic and academic backgrounds more than others. For many reasons, it is not in the best interest of the military, nor the American people, to allow force composition to become too homogeneous, nor separate from society; the dangers of allowing this to occur may create a political divide between the people and their military and further restrict the range of potential capabilities possessed by the force.

Compensation is a primary tool for enticing eligible citizens into service and reimbursing them for their effort and sacrifice. According to the report of the Eleventh Quadrennial Review of Military Compensation (QRMC) (DOD OSD, 2012, p. 26), “In order to compete for personnel [with attractive civilian career opportunities] military compensation must take into account—and compensate for—the high eligibility standards demanded of military personnel, as well as the responsibilities and sacrifices associated with military service.” Thus, compensation becomes a force-shaping tool for the retention of talented and competent military professionals.

3. Recruit and Compensate Experienced Individuals

When modeling a complex economic environment such as the labor market of the DOD, it is useful to categorize training as either general or specific. In *Personnel Economics in Practice*, the authors observe that employers should seek the “optimal investment” in their employees’ training, education, and abilities (Lazear & Gibb, 2015, p. 2). General training is training that has equal or greater value outside the organization (for example, paying for a service member to attend a four-year university and earn an undergraduate degree) whereas specific training is training that has more value to the organization, and potentially little or no value outside the organization (for example, training Marines to safely load artillery shells). This economic concept has value when considering the recruitment and retention of active-duty military.

The military prides itself on its own training, its ability to take any man or woman who meets minimum eligibility criteria and transforming them into a capable Soldier, Seaman, Airman, or Marine. Recruiting is arguably not a rigorous screening process. The military's success at molding and training breeds a confidence that diminishes the need to screen for the brightest and best and simply accepts all who meet its minimum requirements. According to Murray,

The DOD generally tries to recruit capable people who are graduating from high school or have some college education and then trains them in the skills necessary for military life and their particular occupational specialty. Civilian employers, by contrast, generally hire people who have already been trained. (2007, p. 19)

Even the rituals that welcome new enlistees into the military—such as shaving their heads or prohibiting their right to speak in the first person during recruit training—signify to new members that their past experiences do not matter; each member will be “reborn” with the skills, training, values, and history important to the institution. Following this transformation, military service members attend follow-on schools for their necessary skills training, rarely relying on or enhancing skills already possessed by the individual.

The military has a predominantly young population, with the majority of the force signed on for an initial enlistment of four years, at which point many exit the organization. This is evident across all services as we continue to witness significant turnover after the initial enlistment. Thirty years after achieving an AVF, only “51 percent for Army, 49 percent for the Navy, 35 percent for the Marine Corps, and 66 percent for the Air Force” were reported to have more than four years of service (Rostker, 2006, p. 8). This high rate of turnover is acceptable when MOS consists of skills that can be taught in a relatively short time frame, and the training and education provided remains fixed and rarely needs updating. However, a general practice of short-term training of untrained, young individuals is less acceptable when seeking a force comprised of the best qualified personnel.

The standard military training system allows a large number of entry-level “employees” or junior enlisted to perform the preponderance of the task-oriented skilled

labor. However, considering the needs of today and the near future, the military seeks innovation of thought and technology. In other words, the military should transition from predominantly task-oriented, skilled employees to a greater professionalization of the force. Our institutional knowledge and doctrine, while extensive and time-tested, is not adequate for training new recruits with emerging information technology. At least, it is not adequate to the extent necessary to challenge our doctrine and the status quo. It lacks the capacity to foster the new ideas and unconventional thought to propel us into the next generation of warfare. Thus, the military may need to alter the model that focuses primarily on training and educating “a blank slate,” and instead seek exceptional talent and proven expertise.

As an example, if the Marine Corps wants to increase the number of cyber specialists, it must consider whether it should hire personnel who have already attended higher education, worked in the field for a few years, and established themselves as competent, or whether it can make any recruit a “cyber specialist” with in-house training and education within the time constraints of a military enlistment contract. The private sector has employed cost-benefit analysis and other techniques to determine whether to hire, contract temporarily, or conduct on-the-job training. The DOD might consider their findings and whether the armed services should implement similar options.

Attracting sophisticated individuals who possess such skills as “empathy, communication, persuasion, personal service, problem solving, and strategic decision-making” is a trend existing not just in the military, but the private sector as well (Schwartz, J., Collins, L., Stockton, H., Wagner, D., & Walsh, B., 2017, p. 120). Manual labor and low-skilled jobs are being replaced “through automation” and use of “artificial intelligence and robotics” (Schwartz et al., 2017, p. 119). The military also needs to adapt to this evolution. This is a not a temporary trend, but a fixed direction in the current economy and one which cannot be dealt with on a case-by-case basis or solely through temporary fixes, such as hiring contractors to fill an immediate need. Instead, the military can recognize this market trend and incorporate adaptive solutions that will allow us to intelligently transition its manpower, phase out obsolescence, and anticipate needs in advance of a crisis. Just as a “firm should improve the quality of workers that it employs

as it increases the amount or quality of its capital stock” (Lazear & Gibbs, 2015, p. 15), so should the military consider recruiting individuals with an intent to raise the human capital. We must move to a proactive, rather than reactive, position to optimize our position and use of defense budgetary monies.

4. Successfully Compete with the Private Sector

The military must compete with the private sector free-market when attempting to hire an already qualified specialist. This cannot be achieved with the traditional recruiting and retention programs. Beginning a career at an E-1 pay grade and requiring a minimum number of years’ time in grade and service between promotions, the military can never hope to provide the rapid-promotion opportunities (and attached compensation packages) available to the most successful employees in the civilian sector. According to the BLS (2017), the field of cyber security is projected to grow 28 percent faster than the national average for all occupations; successful competition will, therefore, demand a considerably more competitive pay scale. The median pay for private sector information security analysts and cyber professionals is \$44.52 per hour or \$92,600 annually compared to basic pay of \$34, 279 annually for active duty E-5 or \$67,884 annually for active duty O-3, both with six years of time in service (DFAS, 2017). This is not a perfect ‘apples-to-apples’ comparison, since it does not include a comparison of housing or health care benefits, but is illustrative of shortcomings to a non-differentiated pay scale across all military personnel of the same grade.

Compensating specialists in wider fields may increase recruitment of specialists to the DOD. The DOD could model a special pay plan similar to the Navy’s “Medical Corps Officer Special Pay Plan” that credits physicians for years spent in relevant education (“completed internships, residencies, fellowships,” etc.) (Department of the Navy [DoN] Bureau of Medicine and Surgery [BUMED], 2016). This program attempts to reimburse specialists for the time and money they have expended on graduate school as well as the experience gained outside the organization to become experts in their field. Instead of beginning a military career at pay grade O-1, like other military officers, the physicians are awarded a pay grade and rank appropriate for their level of education and expertise.

Also, since specialists such as these are not easily acquired, emphasis is placed on the length of the contract since the assumption is that, for many specialists, it will not become a permanent military career, but rather a temporary job to broaden their own experiences and thereby provide themselves future opportunities.

Consider the fields of cyber operations, artificial intelligence, and employment of drone and other unmanned vehicle operations within the same context. The most talented and competent experts in these fields may not exist within the military but solely in the private sector. The military must consider whether it should recreate this training and education within itself or simply entice those already capable and talented. An additional consideration is that these fields are still relatively new, and their education and career track is not as well-understood and established as programs such as medicine or law. Therefore, it will be more challenging to assess and credit training since the best talent may not necessarily be the product of a graduate education or professional internship.

When the DOD does create internal training, it must ensure retention through contracts and careful selection. While investing in employees' education and training may seem like a good idea since it increases the human capital of the organization and fosters a relationship of trust and loyalty, the organization must determine whether the benefits actually outweigh the costs. For example, if considerable time and money is spent educating personnel, and the personnel then exit the organization and return to the market to seek more attractive positions, the return on investment is low.

Selective retention bonus (SRB) is often used in these cases to manage and retain trained personnel in technical occupations. However, retention through bonus payment "is not always cost-effective; in some cases, the most cost-effective way to manage an occupation is to focus on enlisting and training sufficient personnel" (Wenger, O'Connell, & Lytell, 2017, p. 15). Statistically, we lose most of our initial obligation after three to four years, with less than a quarter of service members signing longer initial obligation contracts of five to six years (Wenger et al., 2017, p. 7). To ensure the military is not simply training and credentialing its employees for their next job and planned career outside the military, the DOD needs commitment to contracts that extend to a length commensurate with greater expenses and increased time spent in training.

5. Increase Use of Probation Techniques

The use of probation techniques to select out those with poor job fit could be widened. The military employs “probation,” which is described by Lazear and Gibbs as “to have the job applicant do the job for some period, either very briefly during interviews or more extensively during some testing period” (2015, p. 30) to ascertain the individual’s ability to contribute effectively. For example, the Marine Corps uses probation several times throughout an officer’s career: during Officer Candidate School (OCS) a candidate is assessed performing as junior officer and leader before receiving his or her commission; at The Basic School (TBS), lieutenants are assessed as rifle platoon commanders before they are allowed to graduate and join a unit in the fleet Marine Corps; and, near the end of their initial contract, each junior officer’s career up until this point will be assessed by a selection board for career designation, the right to stay on active duty and keep their commission as a Marine Corps Officer. Additionally, the military also uses the “up-or-out” promotion system where you either must continue to out-perform your peers and progress in responsibility and rank, or exit the active-duty force (Lazear & Gibbs, 2015, p .31). The military does employ several of the probation techniques suggested in the literature *Personnel Economics in Practice* (2015); however, the DOD can build on what works and increasingly ensure the recruitment and retention of the best qualified personnel. Areas where probation techniques, and considerations of evaluation practices, could improve follow.

A version of career designation and careful and considerate selection with an eye to slightly less risk-averse criteria may both help to ensure career recruitment of the best qualified personnel. The DOD could employ a version of the Marine Corps’ Career Designation program across all branches of service. Towards the end of each officer’s initial obligation, the DOD could conduct an assessment of ethical conduct, performance, and leadership potential. Considering the political ramifications of military war crimes and criminal conduct in foreign nations, the stakes are high. If there is a chance that some of these incidents can be prevented with more rigorous assessment of military leaders early on, then there is value in applying this practice broadly. Additionally, some critics claim that the current performance appraisals do not groom the best leaders, but promote

a culture of self-preservation and risk-averse behavior. The belief is that those with the cleanest record with no documented mistakes are the “leaders” most likely to be retained and promoted. Since these assessments primarily occur at the beginning of military careers, the officers’ records may appear virtually identical; a minor infraction may be all it takes to differentiate the observed officer from his or her peers. Selection boards must consider whether the process is fostering timidity and fear of criticism rather than cultivating leaders willing to take risks to seize opportunities. Optimally, striking the right balance in the screening process will reward both ethical conduct and bold decision-making.

The DOD can also increase meritorious promotions as a way of offsetting the feelings of mistrust from constant evaluation. Presently, screening military service members’ careers at set milestones for retention often results in one feeling they are never completely embraced by the organization and always under scrutiny for inadequacy. According to *Marine Corps Promotion Manual, Volume 2, Enlisted Promotions* (Headquarters Marine Corps [HQMC], 2016), meritorious promotions are available for roughly half of an enlisted person’s career to recognize outstanding leadership and performance. Meritorious promotions are not authorized above the grade of E-7 and not available to warrant officers and commissioned officers (HQMC, 2016). Developing a path where the willingness to take risks and make bold decisions in the face of daunting tasks are rewarded is an excellent incentive to remain in the military and provide exemplary service. Strong consideration should be given to expanding this program to warrant officers and commissioned officers to cultivate the same behaviors evidenced in the enlisted ranks.

6. Widen Recruitment Pool by Questioning Automatic Disqualifications

Finally, the DOD can increase recruitment of the best qualified personnel by continually re-assessing its disqualifications. The military has evolved along with society in the past, and maintaining this connection with the populace it represents is crucial. The waiver process can overcome certain transgressions that occurred prior to service, such as minor consumption of alcohol or illegal possession of marijuana. However, a few

restrictions will make applicants wholly ineligible for military service. While these disqualifications are generally grounded in well-reasoned, sound judgment, they still deserve reexamination. The Department of the Navy maintains that anyone who has: been convicted of selling illegal drugs, “tested positive for drugs on a Military Entrance Processing Station (MEPS) drug and alcohol test,” “exhibits gender identity disorder,” “engages in transvestitism,” or has “reservations about military service because of religious, moral, or ethical reasons” are automatically disqualified from eligibility, and no exceptions can be made through a waiver process (DoN, 2016, p. 382).

While “disqualified” and “no exceptions” sound absolute, some of these policies are currently under review. For example, the DOD is conducting a review to determine whether or not transgender service members will be allowed to serve in the military (White House, 2017). Regardless of the outcome, the message is clear: “no exception” policies are not permanently fixed, but may be challenged and changed. Women were once barred from combat arms and special operations occupations, but, recently, they have been authorized to enlist and apply for selection in an increasing number of positions previous only available to men. Additionally, not long ago, “Don’t Ask, Don’t Tell” restricted homosexual men and women from openly serving. This disqualification was also rescinded, and now gay and lesbian troops are allowed to enlist and openly serve. The ability of the military to remain open to change and adapt to current societal demands is a credit to the military. Further, it demonstrates the importance of conducting self-evaluation and improvement.

Critics have questioned whether such changes degrade our military capability, and some studies have observed performance on physical fitness tests or rigorous physical indoctrinations to validate these arguments. The arguments may initially appear valid, but it is useful to consider alternate viewpoints. It is healthy for the American people to feel the military represents them—all of the people—and their interests. If the military excludes large segments of the population, whether because of race, ethnicity, religion, gender, sexual orientation, or economic background, the DOD distances the armed forces from the will and support of the people it defends. Also, by increasing the level of diversity in the military, there is more variety in the upbringing, moral convictions,

emotional temperament, and methods of conflict resolution within its ranks. One of the common themes revealed in investigations of atrocities and war crimes is group think. Unethical decisions and criminal acts may go uncontested among a small population with low-variability; however, an organization with personnel of highly-varied backgrounds and belief structures may be less prone to group think, instead questioning the direction of unlawful orders and bad conduct. It is also possible there are intangibles, beyond the question of physical strength and endurance, that are worthy of consideration. By expanding the pool of eligible candidates for application, the range of abilities increases.

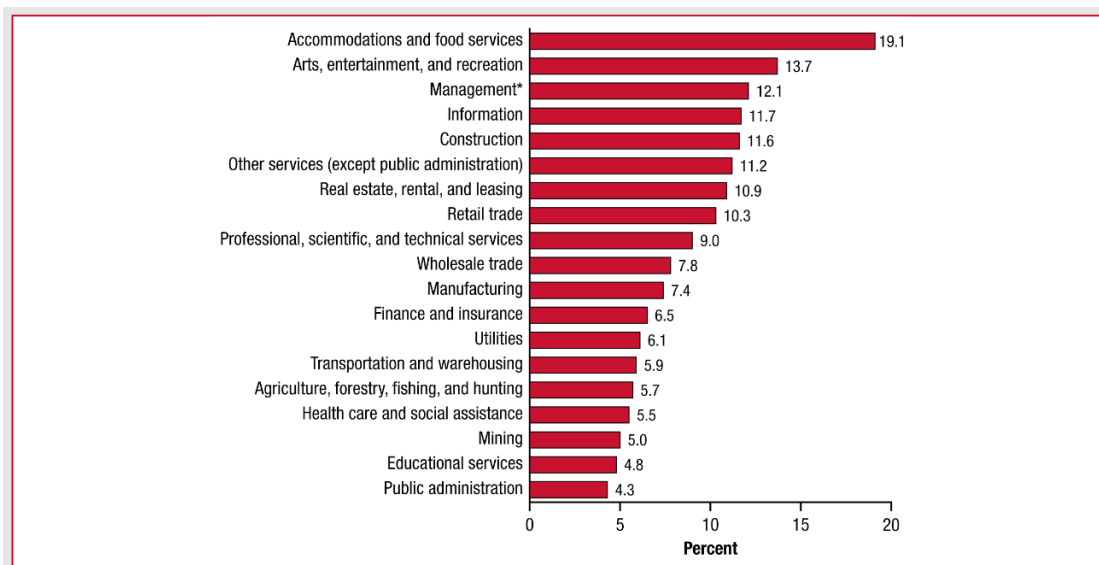
A best qualified force with an increased range of abilities could prove invaluable to a military whose day-to-day combat operations no longer consist of purely physical tests of endurance, but rather ingenuity, rapid adaptability, and emotional intelligence. According to Asch, “differences in comparative advantages are more likely to be larger the greater the number of individuals in the organization is: The pool of (relative) ability from which to draw is larger” (1994, p. 24). If, for the sake of argument, studies demonstrate a decline of the mean upper body strength in combat arms recruits after the inclusion of women, this should not lead skeptics to conclude that the American military capability has declined. In fact, the change may be offset by equivalent or greater improvements in other talents and insights previously unavailable in the male-only population.

Additionally, by allowing a wider spectrum of individuals to enlist or apply for combat arms occupations, the military shifts closer to representing the diversity of the American people. There is a symbiotic relationship between the people who provide the military with national support and the military members who are responsible for the national defense of the people. It benefits both if the American people have skin in the game; this ensures that matters of foreign policy are just as real and meaningful to all who vote, pay taxes, and provide sons and daughters to serve.

If the DOD re-examines which of the current automatic rejections remain, many would respond that a ban on civilians who have sold illegal drugs or have failed a drug screening test during in-processing should remain. After all, unlike gender and sexual orientation, drug use and sale is a matter of choice and character. Do we want to place

people who profit from illegal activities or with recent substance abuse problems into morally challenging situations? Then, arm these personnel with a deadly weapon while conducting armed military operations in foreign nations? This conventional wisdom certainly has merit; we are not advocating for increased recruitment of those with known patterns of drug abuse. We do recommend, however, that the individual and the crimes associated with certain applicants be viewed carefully and within context, rather than automatically dismissed based upon a rigid set of criteria. Cyber warfare, drone operations, and the innovation and application of artificial intelligence may benefit from applicants within the population that are currently ineligible due to histories which include some type of drug infraction.

A recent study by SAMHSA found correlation between certain occupational fields and drug use, as Figure 2 shows.



* The full title of this category is "Management of companies and enterprises, administration, support, waste management, and remediation services."

Source: SAMHSA, Center for Behavioral Health Statistics and Quality, National Surveys on Drug Use and Health (NSDUHs) 2008 to 2010 (revised March 2012) and 2011 to 2012.

Figure 2. Past Month Illicit Drug Use among Adults Aged 18 to 64, Employed Full Time, by Industry Category: Combined 2008 to 2012. Source: SAMHSA (2015).

SAMHSA identifies the field of information system, for example, as one of the top five industries that were more likely to have higher rate of abuse and dependence on drugs than those in other occupations. According to Lazear and Gibbs, if you open the aperture with less restrictive recruiting requirements, your pool of applicants is larger, more varied, and potentially contains some (although risky) potential superstars (2015, p. 32). Further inquiry into the individual cases may yield ameliorating circumstances, corrections or treatment of addictions, or other areas where inclusion may remain a possibility.

C. CHAPTER CONCLUSION

While much of the population holds deep respect for an AVF, and the U.S. Military has no shortage of volunteers at least for short periods, the current military recruitment paradigm can be improved with respect to budgetary constraints to ensure the best qualified personnel. Going beyond patriotism and even educational benefits, the DOD may consider strategy including incentives and compensation as a force-shaping tool to recruit more experienced enlistees and those with specialized training, as well as successfully competing with the private sector.

The DOD can rethink the ideal soldier to meet today and tomorrow's potential military needs. Increasing use of evaluation techniques to create a more supportive, career-oriented environment may help. Also, instead of a binary, eligible vs. non-eligible, possibly the military might be better served by weighing the advantages the enlistee may offer, such as rare skills and talents and significant potential, against their shortcomings. Perhaps researching the private sector and other professional organizations, such as the American Medical Association and the American Bar Association, for examples on how to deal with drug infractions will provide alternative options to the military's "zero tolerance" policy in terms of recruitment. While the military places a premium on character, and drug abuse is a clear lapse in judgment, possibly other options that provide a path to re-admittance could prove beneficial and allow the military to retain salvageable personnel with redeeming value. If the nation wishes to recruit military supremacy through the best qualified personnel, we may need to re-assess traditional views of our ideal recruits.

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IV. TALENT MANAGEMENT IN RETAINING BEST QUALIFIED PERSONNEL

Chapter III built on the basics of compensation to explore how and who joins the U.S. military's AVF, offering suggestions from the literature and analyses to propose solutions within a revised paradigm. Chapter IV considers not only how the DOD compensates its service members can widen that recruitment pool, but also how we keep the best qualified personnel we find. The chapter considers how the DOD can most effectively retain and craft long-term leaders in nine specific areas.

A. CRAFTING LONG-TERM LEADERS

1. Compensation as a Tool to Retain Best Qualified Personnel

The retention of military service members is chiefly maintained by monetary and non-monetary incentives; these are tools the government can use to actively shape the size and type of military personnel retained. For example, until the new BRS, those who provided 20 or more years vest into retirement benefits, but those who depart beforehand get no pension. This provides a considerable incentive, which increases with years of service, to commit to at least 20 years of service. According to Kane, "compensation has been shaped to reinforce coercive control" (Kane, 2017, p. xxii). Also, the literature shows that the turning points are incredibly important. Cooper explains "there is very little turnover between 8th and 20th years, but there is a large loss at the 20-year point. Service is losing their officer and enlisted personnel at 20 years just as they are entering their most productive year" (Cooper, 1977, p. x).

Also, military compensation increases when compared to private sector pay as service years increase. In the 11th QRMC report, the research suggests that officers are compensated with wages that exceed their civilian counterparts with similar level of education at any point in their career (DOD OSD, 2012, p. 27) as Figure 3 shows.

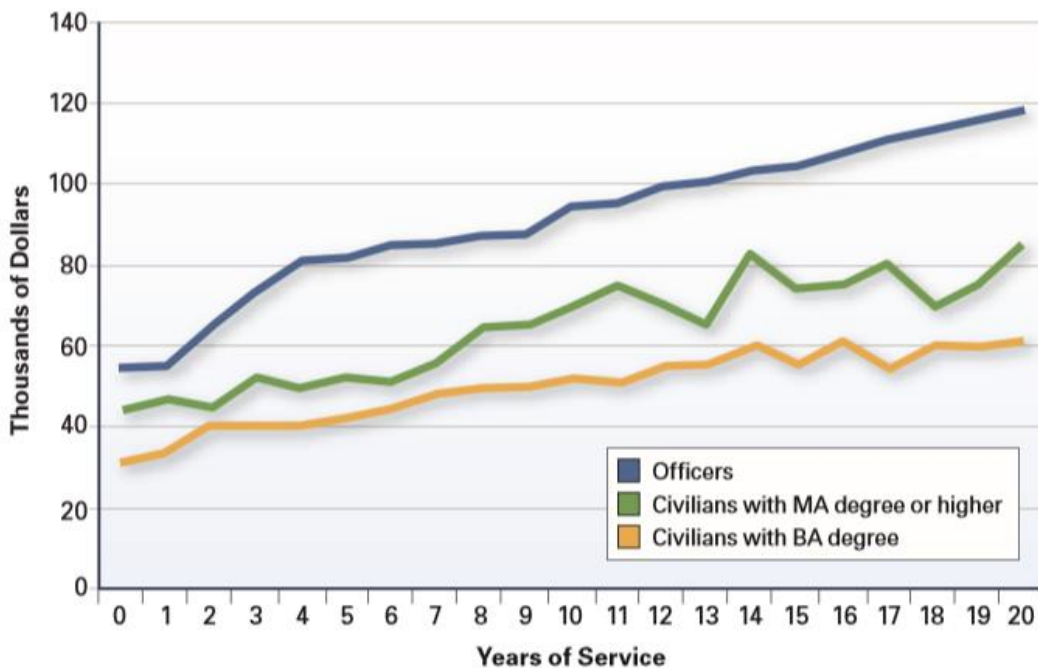


Figure 3. Officer Regular Military Compensation versus Civilian Earnings, 2009. Source: OSD (2012, p. 27).

Additionally, “officer earnings are about 88 percent higher than earnings of civilians with bachelor’s degrees, and 47 percent higher than earnings of those with graduate-level degrees” (DOD OSD, 2012, P.28). Yet the study on *Paid to Perform* adds that, for military officers, the most significant increase in compensation occurs during the first five years of an officers’ career and slows to “moderate growth of \$2,000–\$2,500 per year for the remaining 15 years of service [for an average 20-year career]”(Wallace, Colarusso, Hall, Lyle, & Walker, 2015, p. 17), (Figure 4). On the other hand, “civilians with graduate-level degrees see moderate growth in the first 10 years and then quite rapid growth, averaging about \$5,000 per year after year 10” (Wallace et al., 2015, p. 18).

It is possible that the DOD could stabilize the earnings more efficiently throughout the career, particularly balancing early and late earnings. The authors of *Paid to Perform* concur with the analysis and findings of the 11th QRMC report and further assert that such “steep wages increases at the very beginning of an officer’s career

amounts to overpayment” since service members have no option, but to stay during their initial obligatory term (Wallace et al., 2015, p. 18), as Figure 4 shows.

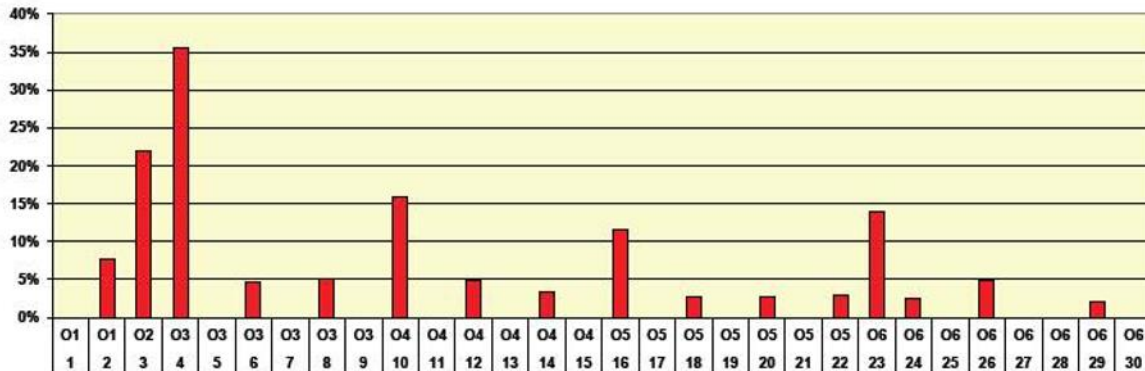


Figure 4. Overpaying Junior Officers, Underpaying Mid-Career Officers: Pay Increases as a Percentage of Previous Base Pay (2014). Source: Wallace et al. (2015, p. 18)

At the 10-year mark, Captains (or Lieutenants in the U.S. Navy) are rapidly approaching the promotion to Major (or Lieutenant Commander in the U.S. Navy). The promotion from company grade to field grade officer is not just an increase in rank, pay, and responsibilities, but typically the final decision point where an officer weighs resignation and return to the civilian job market, against commitment to a full career with the military. According to Kleinman & Hansen, “the cost of leaving the military has dropped considerably since it is much easier to find a job that uses and rewards the military training acquired while on active duty” (2005, p. 11). Why then, if this point in the career is a potential crucial exit point for talented and competent leaders, does the military’s chosen form of incentive (RMC) remain meager, particularly when compared to the growth seen during the initial portion of service that is a matter of contract and requires no reaffirmation of a desire to serve? Immediate attention at this critical juncture may prevent further loss of valuable, competent officers.

Our current compensation growth differs from the economic view of “offering lower compensation initially and higher compensation later...to sort out the leavers and attract the stayers” (Asch, 1994, p. 31). Independent of whether military officers are

adequately compensated throughout their careers, it is possible that the compensation is incorrectly distributed, with steep increases with early promotions and long stretches of flat growth in the middle to the end of an average 20-year career.

2. Adjust Pyramid Structure for More Long-term Leaders

Additionally, in the wars of the past, military force structure demanded a pyramid where masses of relatively young, junior troops and new recruits made up the vast majority of our military with an increasingly smaller number of leaders at each rung in the ladder. This was entirely adequate and made maneuvers efficient when facing our adversaries at the time. However, in the 21st century, we face asymmetric threats who politically capitalize on our missteps and can negate our great military might on a global scale with a simple, well-timed Tweet or provocative upload to YouTube. Not only must we stay ahead of technology to bolster potential critical vulnerabilities, we must commit to the professionalization of the force.

The military must not only fulfill the day-to-day requirements of its mission, whether this entails performing tasks that are deemed too dangerous to be undertaken by the State Department, political liaison, or building partnerships and coalitions. It must also maintain the readiness necessary to be front and center in the unpredictable moments when the din of gunfire momentarily quiets and opportunity presents itself to stop a war crime, protect a village elder of significance from local corruption, or validate the authority of a new, local police force by remaining inconspicuous but supportive in the background.

Mature, intelligent decisions shape the success or failure of U.S. strategy in the Middle East and must be made confidently, which requires experienced troops with emotional intelligence and advanced training. If we continue to adhere to the model of a large scale junior force with a high rate of turnover, we will continue to thrust young troops into situations for which they are unprepared, in direct opposition of our goals for either retaining the best qualified personnel or successful conflict resolution.

3. Increased Attention and Resources to Retention

Instead of focusing such a considerable amount of our money, manpower, and resources solely to recruiting, the nation might want to consider whether a pivot should not occur where our efforts and resources are concentrated on retention. Traditionally, very little effort has been given to retention, with the exception of a minor number of occupational specialties and critical skills operators. This indeed holds true when examining the first term re-enlistment labor market. A re-enlistment bonus is given to “critical MOS” to fill available “boatspaces” when there are shortage of applicants and the MOS is projected to be under executed. Monetary incentives vary based on how limited the supply is of Marines who desire to re-enlist when compared to the demand for a particular MOS. According to MARADMIN 540/16, FY17 First Term Alignment Plan (FTAP) Quarterly Assessment, “Fast-filling MOS” are MOS that have more reenlistment submissions than available “boatspaces” (HQMC, 2016). In the first quarter of FY17, there were 77 fast filling MOSs that had a greater supply of Marines wanting to re-enlist and required no monetary or non-monetary incentive to meet the demands and targeted mission of the Marine Corps (HQMC, 2016). The natural attrition of those leaving the service aligns more or less with the dwindling requirement for large numbers at the mid-grade and senior levels of leadership. Therefore, the balance is maintained with little need for input or interference.

However, what if the force of tomorrow needs to retain more than just specialties like cardiologists and MARSOC Raiders, but those having demonstrated uncommon wisdom, or a trained and tested competence in combat and security cooperation, and the ability to deftly negotiate all levels of force along the continuum in counterinsurgency operations? To attract and retain a professional force, the incentives must be more in line with the private sector of similarly educated individuals with competitive opportunities.

This is not to say that there will not always be someone willing to serve for less or out of a sense of duty to country, but adequate compensation ensures we have the right pool of applicants interested and vying for positions of importance within our professional force. How do we construct adequate reliable measures to identify those

officers with the wisdom, competence, and ability desired? Again, this is an area which demands urgent attention.

4. The X Factor

One of the less immediately obvious areas of compensation and retention is often referred to as the “X factor.” In the DOD’s Third QRMC, dated December 1976, the review discusses “Service Allowance or ‘X Factor.’” It is described as compensation for such demands as “the need to be on call at all times and to work long and irregular hours,” “live and work, at times, in uncomfortable conditions short of those which have been expressly provided for by other allowances or in pay” (DOD OSD, 1976, p. 319). The practice was intended to compensate service members for some of the innumerable dangers and inconveniences that are part of regular military life that are not itemized and incorporated into pay and allowances.

The X factor represents sacrifices that service members make daily—particularly a 24/7 on call readiness for 365 days a year to training drills and real world crisis—which typically are not accounted for when job matching to similar civilian occupations to evaluate the competitiveness of pay and benefits. These X factors are “negative non-pecuniary benefits ...which reduce compensation” (Asch, 1994, p. 14). Interestingly, in the beginning, “the X Factor was set judgmentally at 5% of basic salary for men and 1% of basic salary for women,” with the rationale that women held administrative and support positions and faced fewer factors that differ from their peers in the private sector (DOD OSD, 1976, p. 179).

The X factor method of compensation may require revisiting, particularly in the area of the opportunity cost for a spouse’s lost wages and second career in the household. Already a large portion of the military’s population are married, and their spouses must sacrifice stable education and career opportunities in order to follow their spouse on frequent permanent change of station moves (that are anything but “permanent.”) This will only be exacerbated if the force becomes less populated by recent high school graduates, and an increase is made in the percentage of career professionals.

B. CAREFUL ATTENTION TO MILITARY FAMILIES

There are few professions consistent with the itinerant military lifestyle, which spouses can pursue and remain in gainful employment, let alone find opportunities for upward mobility in the field. According to Kleinman and Hansen, “military spouses are less likely than their civilian counterparts to be employed full-time, and, for those who are fully employed, earnings are lower than for civilian spouses” (2005, p. 25). Therefore, military families are forced to decide whether to sacrifice the spouse’s educational and career aspirations for the military member’s career. Even if this is temporary and one career is put on hold, the damage done due to lost time, decreasing relevance of attained education or degree, can be significant.

In addition to the impact on the spouse, frequent military moves affect the children of the service members, leading those members to weigh their family’s needs with retention decisions. There are benefits to the transient lifestyle, such as a diversity of cultural influence, exposure to different methods of teaching, and access to peers not limited by geography or even language barriers (with overseas assignments).

Still, there are also negative repercussions to periodically uprooting children from a traditional path in a system where students must compete against peers for grade point average and scholarships, or distinguish themselves on sports teams and other extracurricular activities. For all the intangible rewards (“life skills”), the children may nonetheless suffer numerical setbacks in placement or ranking in educational institutions due to the lack of continuity with teachers and the advantages of familiarity with their school’s practices. This can have an adverse effect on their collegiate future and, consequently, their future career opportunities. While there are military scholarships and grants for the children of service members, they do not necessarily offset the inability to build stable networks of friends and all the emotional and psychological benefits that go along with this during the formative years of a child’s development.

Nor does a remote duty station necessarily provide children with access to a school that adequately challenges them academically or athletically or that highlights their potentially exceptional qualities in a competitive environment. Recent research

regarding the strain of military life on military dependent children found implications to social, emotional, and cognitive development, as Figure 5 shows.

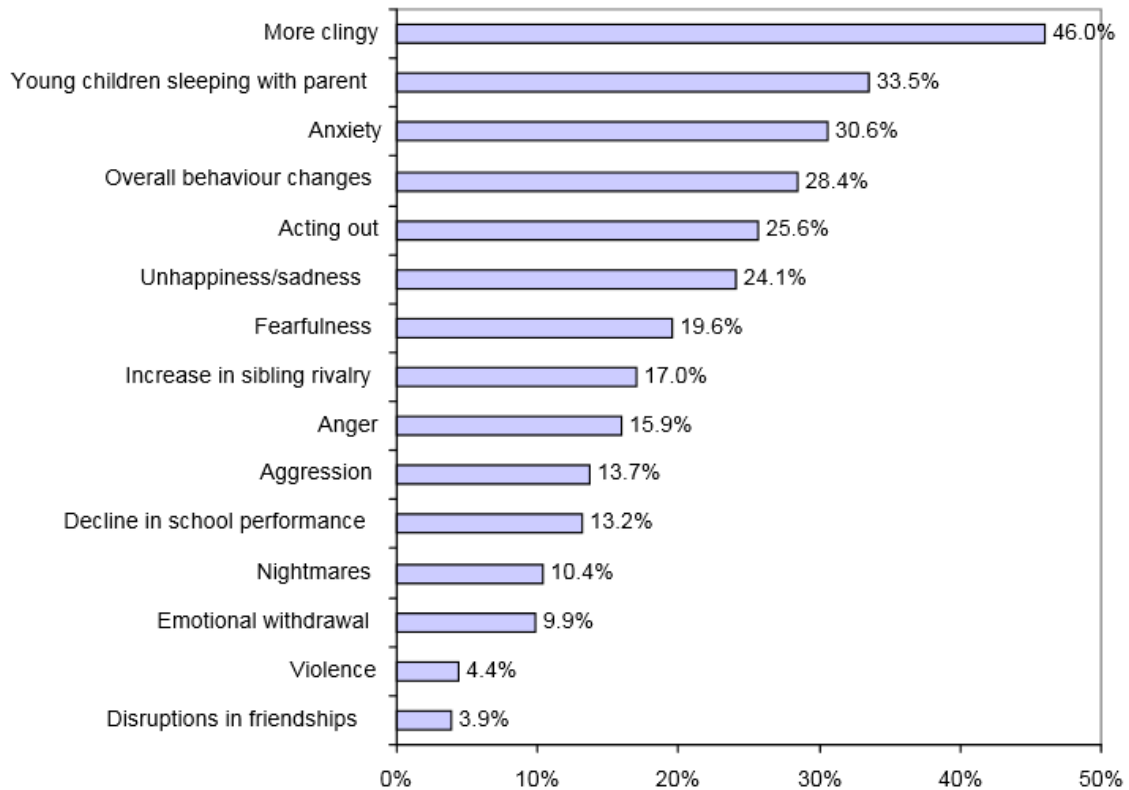


Figure 5. Child Behavior during Deployment. Source: Sudom (2010, p. 25).

These are considerations that must be taken in account by the military member and his family when deciding whether to remain on active duty status.

Based on the demographics of a military family, the percentage of active duty service members with dependent children more than doubles as they make the transition from junior Marine to the ranks of staff non-commissioned officer or from company grade officer to field grade officer, as Table 5 shows.

Table 5. Percentage of Service Members with Dependent Children, by Pay Grade and Monthly Income.
Source: Clever and Segal (2013, p. 23; DOD 2011).

Pay Grade	With Dependent Children	Monthly Income Range
E1-E4	21.7%	\$1,491-\$2,363
E5-E6	60.5%	\$2,123-\$3,590
E7-E9	81.9%	\$2,680-\$5,524
W1-W5	78.6%	\$2,765-\$6,930
O1-O3	35.4%	\$2,828-\$6,136
O4-O6	76.7%	\$4,289-\$9,371
O7-O10	60.9%	\$8,046-\$15,647

Since the size of a family tends to grow along the same trajectory that a service member is developing increased expertise in his field, these service members may choose to depart precisely when they are needed most by the organization. It is worthwhile to discover if we can retain more of them through adjustments made to the compensation system as it pertains to family hardships.

1. Avoid Over-generalization

As an officer continues to develop, he should understand the interrelationship between his field and all the other fields within the Marine Corps. He should be an expert in tactics and techniques and should understand amphibious warfare and combined arms. He should be studying the Operational level or war. At the Senior levels he should be fully capable of articulating, applying and integrating MAGTF warfighting capabilities in a joint and combine environment and should be an expert in the art of war at all levels. (HQMC, 1989)

Marine Corps officers, arguably more than any other military service's officers, are expected to be "generalists." All officers, whether they become a pilots, lawyers, or tank commanders, will attend the Basic School (TBS) in order to obtain the skills and proficiencies necessary to lead a rifle platoon in command. According to the TBS website, TBS will "train and educate newly commissioned or appointed officers in the high standards of professional knowledge, esprit-de-corps, and leadership to prepare them for duty as company grade officers in the operating forces, with particular emphasis on

the duties, responsibilities, and warfighting skills required of a rifle platoon commander” (HQMC, 2017). This distinguishing trait is a point of pride that separates the Marine Corps from other services; the implication is that every Marine officer has been tested, evaluated, and deemed competent to lead troops in combat if called upon.

However, officers as generalists or “jack of all trades,” continues beyond the training at the Basic School. In fact, after-action reports from promotion boards frequently report that one of the most important qualities that determined the competitiveness of an officer was whether or not they were considered a “Marine Air-Ground Task Force (MAGTF) officer,” or in plain terms, an officer who possesses a general, yet proficient knowledge of how ground, air, and amphibious forces function in a combined arms operation. Becoming a well-rounded MAGTF officer is a career milestone just as any other traditional billet requirement, and is in keeping with the development of the Marine Corps officer as guided by the Marine Corps’ Warfighting doctrine.

It is considered more attractive that an officer has demonstrated competency in a well-rounded career that balances time spent between command and staff positions, ground and air, operational forces and supporting establishment. If too much time is spent in one, at the detriment to others, it is not viewed as valuable “specialization,” but as a limitation and potential weakness. Cultivating generalist Marine Corps officers applies the same principles described by Lazear and Gibbs, “The CEO will be better able to coordinate across [research and development], production, and sales if he or she has a better understanding of each of these areas of the firm. Therefore, a manager who has a less specialized experience may be a better coordinator than one who is a specialist” (2015, p. 143).

While this sounds ideal on paper, it does not necessarily produce the ideal results in all areas of the military. The corporate concept works well when there are a small number of CEOs or managers with broad yet sufficient knowledge of all areas of their organization, and they coordinate between many specialists with considerable amounts of technical knowledge within the organization. For example, certain military occupational specialties, such as military police, contain a number of different specialties that fall

under the leadership of one Marine officer's (MOS 5803) responsibility for coordination. In order to become an effective coordinator within his or her organization of specialists, the Marine officer (or "CEO" or "police chief") should develop an understanding and familiarity with each of the specific fields within the general organization, so that he or she can manage them properly, and advise higher chain-of-command on the best use and employment of those forces.

However, Marine officers rotate from tours in their specific MOS into even greater generalist positions, such as a staff officer on a division or air wing staff, or a "billet," assisting with recruiting or commanding at a recruit training center. While these military officers develop a breadth of experience and exposure to different types of leadership challenges, the frequent rotation (every 2–3 years maximum, a new billet and geo-location) also lessens the subject matter expertise of these leaders who are expected by their Marines to teach, "write the rules," determine the limits of discretion, and set the expectations of individual knowledge and performance.

Additionally, the current system ultimately reduces the value of the Marine officer sent to serve as a representative and subject matter expert for a general's staff to advise on the capabilities of his or her Marines, and to recognize and seize opportunities during the planning and execution of operations and contingencies planning. Furthermore, since career advancement to the highest ranks within the military necessitates that military officers are assigned to specific billets in order to progress to the next milestone along a "career roadmap" (i.e., platoon commander, company commander, operations officer, battalion commander, joint tour, combat deployment, and so on), more emphasis is placed on ensuring each 'box is ticked' in the list of bone fides, than developing truly valuable expertise and honing its use.

Concern about over-generalizing is not specific to one field or even the Marine Corps. In a 2010 paper, titled "Naval Intelligence Officer Detailing: A Case for Specialization," Lieutenant Commander Lawrence C. Wilcock argued that the Navy produces generalists instead of specialists, and this system was adequate during the Cold War when the United States faced one primary adversary (Wilcock, 2010, p. 1). Naval intelligence officers had the latitude to develop a broad knowledge of their assets and

sailor's individual specialties because there were fewer external variables (Wilcock, 2010, p. 1).

However, Wilcock posited that, when the Cold War ended and the number of adversaries we face increased, each differing in language, culture, technology, ideology and objective, the number of external variables increased (2010, p. 1–2). Now, naval intelligence officers' management responsibility has been spread too thinly across their own organization and ability to understand the world outside the United States to ever truly be effective (Wilcock, 2010, p. 2). Wilcock recommends instead focusing the area of specialization more for officers—not to replace sailors as technicians and specialists, but to reduce the number of variables that prevent the naval intelligence officers from ever obtaining a level of expertise that would enable their ability to lead their sailors “against a particular region or threat” more effectively (Wilcock, 2010, p. 2).

There are advantages of both generalization and specialization, and therefore finding the ideal mix within the DOD management and service members is a delicate balance. Currently, the military and especially the Marine Corps has invested in the idea of Marine officers as almost purely generalists. As needs evolve, however, it is worth considering if the Marine Corps could not improve from increasing the specialization of Marine officers in general, increasing the number of billets eligible for Warrant Officers and Limited Duty Officers or allowing Marine Corps officers a second career track where they could apply for either greater specialization within their military occupational specialty or seek broader command responsibility.

In a manner, this model is already in use among the enlisted population where Gunnery Sergeants select on their performance evaluations whether they wish to be considered for Master Sergeant or First Sergeant, a decision between focusing on technical expertise versus command leadership responsibilities. If one of these paths for Marine officers, occupational expertise versus command, is evaluated to be more expensive to train, develop, and produce, compensation could be used to incentivize the route that is more difficult to man in sufficient quantity. Kane also made a similar recommendation to “transform base pay from tenure to role and responsibilities,” arguing that those individuals taking on tougher assignments “that involve higher career risk,

longer hours, and greater stress” should receive higher compensation than those that take on easier assignments (2017, p. 64). Through a flexible compensation program, monetary or benefits can be provided that ensure quotas are consistently maintained in sufficient quantity.

2. Compensate Job Design

The job design in the military is evolving. While most enlisted and officers are assigned a specific, coded military occupation specialty, it has become commonplace to expect service members to use a range of skills, execute discretion, multitask, and coordinate between members of different service branches within the DOD, other government and civilian agencies, and with host-nation support through effective interdependent relationships. Lazear and Gibbs argue that one benefit to this trend in job design is that “workers may be more highly motivated” because tasks become less tedious and more “enrich[ing]” (2015, p. 171).

However, the organization also can attain the right personnel for the job and cultivate the appropriate qualities through external motivations, such as “pay for performance and other rewards” (Lazear & Gibbs, 2015, p. 175). The authors further state that “incentives are an important way that a firm can motivate effective decision-making and coordination among workers” (Lazear & Gibbs, 2015, p. 175). This increasing job complexity requires us to reconsider our methods of determining mission success and, consequently, whether the current and next generation’s military leaders are prepared to incorporate nuanced, multipart objectives into day-to-day decision-making.

3. Implement Qualitative Measures of Effectiveness

In the Information Age, in particular, post-9/11, military operations cannot be assessed with purely quantitative information (e.g., helicopter sorties conducted, number of patrols completed, or battle damage assessment reports). While these measures of performance inform commanders and higher leadership on how busy a unit may be, they do not necessarily reveal whether or not the actions ultimately bring the military closer to achieving the overall strategic objectives. During the Cold War era, war was considered more calculable; a relative combat power analysis of the Soviet Union versus the United

States of America approximated the result of a war based upon quantitative assessment of capabilities (Mushen & Schroden, 2014, p. 12).

However, in the current era, determining “success” may require a more qualitative approach, using different measures of effectiveness, such as assessing whether the tactical actions of a company of Marines contributes to the overall operation of a MAGTF and whether the MAGTF’s operations lead to the strategic objectives of the President. It is therefore increasingly important that our leaders at every level, officers and enlisted, possess a superior acumen, capable of incorporating overall strategic goals into tactical level decision-making; this will ensure that American military forces are not simply compiling measures of performance data, but achieving incremental progress toward overarching military and political objectives.

4. Train Leaders toward Diplomatic Aplomb

In order to be successful, all service members should be expected to manage crises with diplomatic aplomb and leaders possess the brilliant virtuosity necessary to tackle complex and evolving foreign policy challenges. “According to national strategic policy, the United States will continue to be engaged around the globe in limited footprint operations... ranging from theater security cooperation to crisis response on a regular basis” (Mushen & Schroden, 2014, p. 38). There has never been a time in history when the military did not benefit from intelligent, strategic thinkers in positions of power. Yet the current generation of warfare has increasingly added expectations to our leaders and troops’ packs, without lightening the load much through the removal of previous requirements. Rather than argue whether our troops and leaders are overburdened, an alternative is to consider whether incentivizing performance and improving talent management through retention of the best, most qualified force through effective military compensation techniques will adequately provide the right fit of personnel to face today and tomorrow’s military challenges.

With consideration to the previously discussed need for increased talent in the military workforce and the necessity for tactical decision-making to nest within an

overarching strategic plan, it is ever more vital to reduce the tactical errors that can strain diplomatic relations and stymie political objectives.

In *Personnel Economics in Practice*, the authors suggest that a “better quality decision makers” are associated with “higher-priced workers” (Lazear & Gibbs, 2015, p. 118). However, one must consider whether the cost of compensating these higher-priced workers exceeds or is balanced by consequent reduction to the cost of errors and negative externalities associated with workers who are making sub-standard decisions. The military should seek to provide the compensation necessary to attain the “better quality decision makers,” not simply man force requirements. Adequate number of personnel may be an insufficient metric, and instead the priority should be ensuring that the military has the right personnel that will lead to national strategic objectives while mitigating the potential for errors that delay or nullify success.

C. CHAPTER CONCLUSION

The literature revealed several areas in which retention can help to ensure the best qualified U.S. military personnel. In terms of compensation alone, the 2018 change from the cliff vesting retirement system to the blended retirement system should lessen the distinct retention drop-off at year 20, but there also may be less incentive to suffer through undesirable tours of duties or unwanted geographic assignments during years four through 20 when the penalty for departure no longer exists. It is crucial that Congress, and the DOD leadership appreciate how changes to compensation shape the force, for better or worse.

Producing the military force capable of facing the challenges and adversaries of the future requires decision-makers to consider, not just whether compensation provides for the needs of the military as a whole, but also how those policies affect the individuals. Therefore, it is incumbent upon Congress and the DOD to do their due diligence and ensure compensation is cleverly employed in order to seize advantages to increase its pool of talent with economic efficiency, in order to acquire and retain the best force within the targeted manpower requirements.

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V. CONCLUSION

We have examined the current methods of recruitment, advancement, compensation, and retention in our military, and explored areas for improvement. Our proud heritage of adapting to the demands necessary to overcome crises and achieve victory in war must now additionally address the expanding roles of the military in U.S. foreign policy. These roles vary greatly, from humanitarian to cyber-warrior and from diplomat to tactical warfighter. Individuals must therefore be armed with the appropriate tools and talents to excel, not only in these diverse roles, but in an increasingly complex and technologically advanced world as well.

It is our belief that the value of the individual and their expertise within our military will continue to grow. Our nation can no longer solely rely on past recruitment and retention methods if we wish to face and overcome the challenges of tomorrow. While the struggle to maintain a vital, innovative, and dynamic force of military personnel may seem daunting, the United States of America's pool of quality citizens is great and most certainly contains the talent necessary to remain the leading force in the world for years to come. We must capitalize on lessons learned in the private sector and demonstrate a willingness to attempt bold reform in order to leverage the full potential of our military personnel and ensure our continued status as the world's best military.

A. FINDINGS FROM THE REVIEWED LITERATURE

We asked how, based upon the need for U.S. military leaders who will prevail when faced with the complex assignments and challenges of both today and tomorrow, the DOD could, within its budgetary constraints, improve its means of acquiring and retaining talent. In each of three chapters, we focused on a specific aspect of that question: compensation, recruitment, and retention.

Compensation, we found, with regards to how service members are paid, included total compensation, special pays, and incentive-based programs, influences how we acquire and retain talent. While not quite equivalent to the private sector, the DOD has raised compensation, especially at senior levels, to nearly parallel federal employees. A

fully-manned AVF can be interpreted as evidence that compensation is adequate because manpower goals are met; yet, inquiry should not stop at simply attaining adequate numbers to man the force. Based on our findings, we must continually evaluate whether pay is appropriate, as evidenced by the often inconsistent results of public attempts at comparability, e.g., Public Law 90–207, the Federal Pay Comparability Act of 1970, the ECI of 1980, and the FEPCA of 1990, which by 2000 had military pay again at sub civilian sector standards.

In the next chapter, we explored how the U.S. military recruits and in what areas changes to its recruitment paradigm might be implemented in order to improve its ability to not only meet quotas, but ensure those quotas possessed the most talent. We found that, while we have no shortage of volunteers, at least for the initial enlistment period, the current military recruitment strategies can be improved to seek the best qualified personnel. We propose going beyond patriotism and the offer of educational benefits. We believe that embracing strategies that utilize incentives and compensation as a force-shaping tool will result in the ability to recruit more experienced enlistees and those with specialized training. Rethinking the ideal soldier to meet the needs of today and tomorrow’s military and defining the appropriate incentives to attract this individual will result in an energized military capable of competing with a free labor market and maintaining its status as a world military leader.

In the subsequent chapter on retention, we reviewed further literature to discover in what areas the DOD might implement changes to its talent management in order to improve its means of retaining the best qualified personnel. The literature revealed the need to craft more long-term military leaders and highlighted nine main areas in which to potentially do so: using compensation as a tool to retain the best qualified personnel; adjusting the pyramid structure to include more long-term leaders; increasing attention and resources toward retention; considering the X Factor; paying careful attention to military families; avoiding service member over-generalization; compensating job design; implementing qualitative measures of effectiveness; and training leaders toward diplomatic aplomb.

B. QUESTIONS FOR FUTURE RESEARCH

While the current data reveals that “71 percent of recruit age population [is] ineligible and most of the remaining 29 percent of population not inclined to join [the military]” (Kurta, 2017), readers should not jump to the conclusion that the military will be eventually forced to lower its standards. In fact, since the military has not grown in proportion to the population, it can remain selective and even increase the standards for eligibility and still meet its manpower quotas.

With that stated, it would be interesting to further explore whether the U.S. military should change their model of recruitment fully toward potential talent, or those with proven experience. Questions might include the following: How do the costs and benefits compare between novices with potential talent or veterans with proven experience? Would it make more sense to outsource contracts to private industry for a specialized MOS?

Additionally, it might prove fruitful to conduct a study of managers at different levels of management at Fortune 500 companies (e.g., at years five, 10, 15, 20, and 30). We recommend the study collects demographics on these managers (i.e., education level, college attended, degree earned, rank in graduating class, gender, age, ethnicity, marital status, number of children, religious preference if any, political ideology if willing to share) and then, that likewise obtain the same demographics on officers from the four branches of service from the military. What are the trends and differences in the population pool between those who join an AVF military and the corporate executives from private-sector business?

What lessons can we learn from the private industry to address the challenges we face in the innovative areas of Unmanned Aerial Vehicles (UAV) operations and network cyber-attacks and espionage? Should we re-evaluate the hiring standards of the U.S. Military in order to obtain the best talent and leverage the advantages inherent to job-matching and skill specialization with such rapidly-evolving technical fields?

Another area deserving further study is one focused on the recruitment of identified individuals or expertise falling outside the current military population. Further

research might wish to consider whether we can entice Americans, who respond only to self-interested incentives, to join the military. Once these individuals enter the military, will they become valued members? Will they communicate a positive message and share their new-found acceptance in this organization with others from their prior community? Are we missing out on certain skill-sets, talents, and specialties because we prefer to accept only those who respond to the selfless call to service?

Could we be an even better military if we had some of these people on our team—and if so, is there a way, besides conscription, that we could achieve a commitment from them commensurate with the service members who joined to serve their country. Instead of attempting to create new military occupations within traditional command structures, would we be a better off, financially and keeping pace with emerging changes, outsourcing technical specialties to contractors?

Lastly, some military personnel retire at the earliest opportunity in order to apply for a General Service (GS) position where they can provide a similar service and earn a second retirement. A cost benefit analysis could be conducted to determine whether these cases do not cost the government more over time, than if the service member was allowed to remain on active-duty at a terminal rank where they continue to perform competently. Since these officers would elect to be removed from the pool of those considered for promotion, they would no longer be subjected to the “up or out” policy.

This policy, in plain terms, pushes military officers to compete against their peers by continuously increasing their level of responsibility and rotating their assignments geo-location and billet description. For majority of the military, this ensures we have the best-of-the-best leading our troops. However, certain staff positions benefit more from experience and continuity, than talent and leadership potential. Perhaps the military should consider whether these positions, when filled with military members no longer aspire for advancement, yet continue to perform admirably, are not a better solution than paying a GS employee and potentially his or her second retirement.

Private sector giants, such as Google, Amazon, Tesla, SpaceX and Apple, pull incredible talent from the workforce and excel in their area of expertise. We believe

military can benefit directly, or indirectly, through closely monitoring the successes of these companies and their means of obtaining their gifted workforces. Nevertheless, we have found a renewed admiration for the military and its adaptability throughout our inquiry and extensive literature review. Because of the strong commitment to the continued excellence of our defense force, we believe that our military will continue to evolve its methods of compensation, recruitment, and retention, and maintain its status as the world's greatest military.

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