

AU/AWC/167/98-04

AIR WAR COLLEGE

AIR UNIVERSITY

UNCOMPETITIVE MILITARY COMPENSATION
ADVERSELY AFFECTS READINESS

by

Frances C. Martin, Lt Col, USAF

A Research Report Submitted to the Faculty

In Partial Fulfillment of the Graduation Requirements

Advisor: Colonel Larry Carter

Maxwell Air Force Base, Alabama

April 1998

Disclaimer

The views expressed in this academic research paper are those of the author(s) and do not reflect the official policy or position of the US government or the Department of Defense. In accordance with Air Force Instruction 51-303, it is not copyrighted, but is the property of the United States government.

Contents

	<i>Page</i>
DISCLAIMER	ii
PREFACE	iv
ABSTRACT	v
INTRODUCTION.....	1
COMPENSATION COMPARISONS	3
CAREER RETENTION INCENTIVES FALLING SHORT	8
QUALITY OF LIFE AND READINESS IMPACTS.....	18
SUMMARY	24

Preface

As a career officer I've always been interested in readiness issues. However, it wasn't until I was the commander, 99th Mission Support Squadron at Nellis AFB NV, that I began to notice the correlation between income and readiness. Forty percent of the enlisted force in my squadron held second jobs. These second jobs were "invisible" until it came time to prepare for an Operational Readiness Inspection or a temporary duty which impacted their second jobs and supplemental income. I became aware of the balance between the demands of their military duties and the demands of their incomes that relied on the supplemental salary of second jobs. Proud people who never said "no" to the mission were watching their families struggle as the mission demands directly impacted their ability to financially "make ends meet." I have since talked with first sergeants and other commanders who noticed the same "tug of war" in their units. A "tug of war" that, in my opinion, wouldn't be necessary if military members were paid a competitive compensation for their services.

A special thanks to my faculty advisor, Colonel Larry Carter. His insights as a former commander and the perspective he gave me helped give this research project balance. Indeed, his creativity provided me with more ideas than I could possibly include in the paper. That is good...because I intend to keep the issue of readiness and competitive compensation for military members in the forefront for the rest of my career.

Abstract

The purpose of this paper is to determine whether or not uncompetitive military compensation adversely affects military readiness. Compensation in the form of wages, pilot bonuses, permanent change of station reimbursements, and temporary duty per diem payment schedules will be reviewed. Since the last significant pay raises in 1980 and 1981, military pay has gradually been losing comparability with the civilian sector. The result has been for some military members to seek alternative employment in order to maintain an acceptable quality of life standard. Alternative employment can be in the form of a secondary civilian job—thereby impacting focus and availability for primary military duties, or separating to pursue a full-time civilian career—as reflected in declining reenlistment and pilot bonus acceptance rates. Either way, valuable experience is lost and readiness is diminished. While no one joins the military to get rich, the patriotism that is at the core of military service appears to be diluted and muted with the disappearance of “The Threat”. When “The Threat” was real and there was an enemy that was palpable, military members accepted lesser pay and benefits plus increased hardship/inconveniences for the “greater good” of providing service and security to our nation and families. This paper will examine military readiness and factors contributing to its current state.

Chapter 1

Introduction

The Nation takes its military might for granted. The United States military always has answered the call and done the job—wherever or whenever the challenge appeared. It is therefore understandable that the Nation is not alarmed about the current state of military readiness. Is our Nation being duped—lulled into a sense of security about the readiness posture of the Armed Forces when the facts and statistics bear out that military readiness is not at its peak?

This paper researches how years of uncompetitive compensation have eroded the quality of life for military members and their families. The end result is that although the OPTEMPO (Operations Tempo) is high, military readiness isn't. In order to make monetary ends meet, members are holding second jobs or opting to separate before completing a full career. This loss of focus and experience detracts from overall readiness.

This paper limits its research to active duty members of the United States Armed Forces. Comparisons will be made between the 1980-1981 period when military pay was comparable to civilian sector through significant pay raises of 11.7% and 14.3%, respectively, and the 1996 Appropriations Act that continued to diminish comparability of military pay to civilian pay.

This paper examines two components of military compensation: 1) regular military compensation (RMC) which includes basic pay, housing allowance, meals and 2) bonuses, to include selective reenlistment bonuses, pilot bonuses. Additionally, it reviews changes and reductions to temporary duty per diem payment schedules and permanent change of station reimbursements which directly impact income and cash flow of military members and their families. Changes to the retirement system will be examined from a retention perspective.

It has been recognized throughout various reviews, studies and commissions that “comparability” is key to compensation. In the April 1978 *Report of the President’s Commission on Military Compensation*, both the Defense Manpower Commission and the draft report of the Third Quadrennial Review supported competitive pay levels as the desired product of comparability.

Military strength is measured by more than hardware and weapon systems. It is measured by people and their ability to accomplish the mission. A strong defense needs enough people with the right skills. Therefore, we need to ensure that we retain the right people in the right jobs to sustain credible readiness. Quality of life, although intangible and difficult to measure, certainly is a factor in military members’ decisions to “stay or go”. Loss of talent and experience adversely impacts the military’s ability to accomplish the Nation’s defense and security objectives—at home or abroad.

Chapter 2

Compensation Comparisons

The concept of military compensation is straightforward:

Compensation should be designed to foster and maintain the concept of the profession of arms as a dignified, respected, sought after, and honorable career. The emotional and spiritual satisfactions gained from the dedicated performance of uniformed service should be coupled with compensation sufficient for an individual member to maintain a standard of living commensurate with the carrying out of responsibilities which directly affect the security of the nation. Without basic patriotism on the part of its members, however, there could be no armed forces. At the same time, in peacetime, patriotism by itself is not an adequate motivation for a service career.¹

Historically, the Act of December 16, 1967, Public Law 90-207, provided that whenever the General Schedule of compensation for Federal classified employees—so called “civil servants”—was increased, a “comparable increase” was to be effected in the three cash components of “regular military compensation” (RMC) of uniformed services personnel. The use of RMC—which at that time consisted of the elements of basic pay, BAQ, BAS, and the Federal tax advantage deriving from the nontaxable status of those allowances—as the base for determining the “comparable increase” required in military pay had the effect of imputing an increase in all four of the RMC elements of military compensation each time a General Schedule increase occurred. However, since the entire increase was actually allocated to basic pay, the “increase” in the BAQ, BAS and the tax advantage element was implicit only. The Act of September 19, 1974, Public Law 93-

419, discontinued the method by which the entire increase in military compensation was incorporated in basic pay. Instead, raises were to be equally distributed among the three cash elements of RMC: basic pay, BAQ and BAS.² Note the references in this Public Law that regulate “comparable increases” for service personnel—a reference that has been ignored and eroded over time.

Pay caps in governmental raises in 1975, 1987 and 1979 resulted in pay raises for the military which substantially lagged behind the rise in cost of living.³ A compensation analysis concluded in September 1979 by the Offices of the Secretary of Defense that military buying power had fallen from 7 to 20 percentage points behind that of their civilian counterparts.⁴

It is recognized by the lawmakers that there is a direct link between compensation and military readiness. The following outlines this manpower/compensation interrelationship:

Compensation, by the very nature of its basic purpose, must support defense strategic and operational plans of this nation. If they do not, then manpower imbalances, deteriorating unit cohesion and integrity, poor morale, and a general degradation of discipline and motivation, are likely to ensue. This in turn can frustrate the successful accomplishment of strategic and operational plans in the field and thus negate our foreign policy objectives.⁵

While there is no basis for comparing civilian jobs with jobs like infantryman and gunner, for which there are no civilian counterparts, it is a stated objective that “the appropriate pay levels for the service-specific aspects of the compensation of the uniformed services should be comparable with the American economy.”⁶

Indeed, “comparability” is key to reviews, studies and commissions regarding military compensation. In the April 1978 *Report of the President’s Commission on*

Military Compensation both the Defense Manpower Commission and the draft report of the Third Quadrennial Review of Military Compensation espoused competitive pay levels as the desired product of comparability:

“...comparability will insure that military pay remains competitive with pay in the private sector, for without such competition a volunteer armed force would not be able to attract and retain the numbers and quality of personnel required.

The dominant principle is that compensation should be competitive. It should be adequate to attract and retain the desired quantity and quality of personnel, but it should not be more than is necessary for this purpose.”⁷

(In the admittedly cynical view of some, this dominant principle is the inverse of the basis for Congressional raises. To apply this military compensation principle to Congress would be the equivalent of allowing Congress to get raises only when it needs to give individuals an incentive to join Congress.) Apparently different principles for raises apply to different sectors of public service.

There is also recognition by the lawmakers regarding the value and distinctiveness of military service. In an overview of military compensation principles, it is stated:

“The overall institutional benefits component of the military compensation system should be awarded according to the military value of the member to the Service..... The overall compensation system must reflect the distinctive characteristics of serving in the armed forces. The very essence of this distinctiveness is that members of the armed forces must be able to engage in mortal combat and put their lives in jeopardy.”⁸

In recognition of the erosion of comparability of military pay to civilian sector pay and its adverse effect on retention, Congress adopted the 1981 Authorization Act which allotted for an 11.7 percent increase for the cash elements of RMC—basic

pay, basic allowance for quarters, and basic allowance for subsistence.⁹ Specifically, the basic reason for the legislated increase in military compensation—including BAQ—was a general feeling that military pay had lagged behind civilian wages and that the comparability basis under which Federal general schedule civilian wages were adjusted may have limited applicability to military pay.¹⁰

Later, noting some improvement in retention and manning levels followed the substantial (11.7%) increase, Congress provided a further 14.3 percent increase in cash elements of RMC, effective October 1981, as necessary for “achieving the needed improvements in manning and retention levels”¹¹ and to “restore in current dollars, the relative relationship of military compensation to pay in the private sector that existed in 1972.”¹²

Additional signs of improvement were established in the Military Personnel and Compensation Amendments of 1980, Public Law 96-343 when Congress restructured BAQ rates and implemented the Variable Housing Allowance (VHA), which was designed as a means of defraying high housing costs experienced by those members who were assigned to high cost areas of the country. This noble attempt at compensating military members was soon eroded in FY85 when, in order to save money, Congress imposed restraints on the rates of BAQ and VHA which lessens the ability of VHA to serve its intended purpose of compensating those with high housing costs. The results of the combined restraints on BAQ and VHA have severed the relationship of housing compensation and housing costs and forced military members to absorb a higher and higher percentage of housing costs out of other compensation.¹³

In recognition of further eroding compensation and after years of single digit military pay raises, the House Committee on National Security referred to the “cumulative gap” between private sector and military pay levels for fiscal year 1996 that provided a 2.4 percent military pay raise in the President’s Budget. Specifically, the Committee provided the following comments:

“The Committee has reservations about this level of raise because it would institutionally sanction a one-half of one percent lower level of increase than is expected within the private sector. The committee expects the ongoing Eighth Quadrennial Review of Military Compensation (QRMC) to evaluate the importance of the cumulative gap that exists between the military and private sector pay levels and to reassess the process for determining the level of pay increases. The committee looks forward to receiving the recommendations of the QRMC for changes that will *protect readiness* (author’s italics) and the ability of the armed services to recruit and retain quality personnel.”¹⁴

Regardless of House Committee emphasis, the gap continues as pay raises are too small to offset inflation. The last year pay raises were higher than inflation was 1993. The “pay gap” as of FY96 was 12.6 percent—and growing. Although military lobbyists have been pressuring Congress to close the gap, any increases in basic pay like the 1982 raise of 14.3 percent is unlikely. “I wouldn’t bet the rent on it”, said Michael F. Ouellette, A retired Army sergeant major who works for the Noncommissioned Officers Association.¹⁵ This requires military members to rely on other monetary incentives to supplement their incomes and quality of life.

Chapter 3

Career Retention Incentives Falling Short

One of the most recognized and established retention tools for the enlisted force is the Selective Reenlistment Bonus (SRB). SRBs are considered special pays by compensation experts in order to allow the services to maintain the right mix of people. About two of every five service members get some type of special pay and among enlisted members the SRB is the most frequently paid special pay.¹⁶ “The SRB program is the most effective tool we have to increase or maintain desired manning levels,” states Master Chief Navy Counselor Mike Wardlaw.¹⁷ Members serving in certain critical specialties or ratings may be entitled to an SRB for as much as \$20,000 for reenlisting or extending their enlistment for a minimum of three years. While \$20,000 is a good “sound bite” for recruiting ads, it should be noted that most bonuses are worth substantially less, i.e., a damage controlman with four years’ service gets less than \$2700.¹⁸ SRBs are closely monitored and reviewed every six months to target the areas that experience insufficient retention. Additionally, SRBs are managed according to time in service. To be eligible for Zone A, the applicant must have completed 21 months of service and reenlist/extend to equal six years of service. Zone B applicants must have completed at least six years of service and reenlist/extend to equal at least 10 years of total service. Zone C targets eligibles

between 10 and 14 years service and allows for reenlistment/extension up to 14 years service.¹⁹

Although Congress has grumbled about the cost of special pay programs it does not usually cut them because of their importance to the compensation system. Indeed, their importance as a supplement to the compensation system. However, The House Appropriations Committee voted to slash the Pentagon's \$193 million request for the FY96 SRB program by 22 percent (\$42 million). Further reductions were evident when the FY97 bonus budget was \$66.7 million, far below an all-time high of \$155 million allotted in 1990—reflective of a smaller force²⁰, but approximately twice the drawdown rate. To illustrate, the FY97 SRB budget was 43% of the FY90 budget although the force level was approximately 66% of the FY90 level.

Because of the dollars involved, the SRB program continues to be amended—with sporadic benefit to the member. The DoD Authorization Act 1985 extended the termination date for the SRB program and increased the maximum bonus payable from \$20,000 to \$30,000, closely followed by the DoD Authorization Act 1986 that amended the SRB program to require that at least 75 percent of the bonus payable for reenlistment be paid in an up-front lump sum. In explanation of this requirement, the House Armed Services Committee noted:

“Providing a larger up-front monetary incentive to reenlist makes sense from the member's, as well as from the government's standpoint. From the member's point of view, a larger cash payment at the beginning of the reenlistment period would provide a more attractive reason to reenlist as well as the means to place a down payment on a home, to pay tuition bills, or to make necessary family purchases. From the government's point of view, the initiative would increase the service's ability to retain high-quality individuals to fill critical specialties at not additional (and perhaps less) cost.²¹

However, the 75 percent up-front cap was short-lived. The National Defense Authorization Act for 1987, in a cost-reduction and cost-containment effort, limited the initial lump sum payment to 50 percent for FY87, followed by the National Defense Authorization Acts for FY88 and FY89 that amended the 75 percent up-front lump sum requirement to not less than 50 percent. These restrictions were ultimately enacted in the National Defense Authorization Act for FY88 and FY89.²²

The Air Force SRB acceptance history is difficult to track since no cumulative “take rate” was tracked by zone prior to FY97, per Senior Master Sergeant Samuel Trevino, Chief, Enlisted Skills Management, Air Force Directorate of Military Personnel Programs, Pentagon. Current analysis shows that the FY97 Zone A acceptance rate of 56.7 percent compares favorably with the overall first term re-enlistment rate of 56.2 percent. However, the FY97 Zone B acceptance rate of 68.6 percent is below the overall second term re-enlistment rate of 71.2 percent. It’s worthy of note that Zone C SRB has not been paid/funded in the Air Force since 1988, which can give the appearance to the troops of an unfulfilled “promise” regarding this enlisted incentive.

As stated by Lt Gen Michael McGinty, the Air Force Deputy Chief of Staff for Personnel, the retention data regarding re-enlistments signals “a caution light is on.” The Air Force tried to retain 75 percent of second-term airmen eligible for re-enlistment. By June 1997 that rate had dropped to 72 percent—down from 82 percent in 1993.²³

Additional re-enlistment warning signals indicate re-enlistment rates for FY97 were down across the board. Second-term rates declined from 76 percent in FY96 to

71 percent and career re-enlistment rates went from 96 percent to 95 percent.²⁴ Further, the specialties that have lowered re-enlistment rates, i.e., F-16 crew chief, helicopter and airlift crew chief, and airborne mission systems, paint a troubling picture regarding the potential impact on operational readiness.²⁵ In FY97, the re-enlistment rate for eligible first-term F-16 and F-117 maintainers was 47 percent, well below the Air Force goal of 55 percent. Sixty-four percent of eligible second-term airmen re-enlisted, also short of the 75 percent target.²⁶

One theory regarding the low reenlistment rates is that the bonuses may be too small. Airmen are complaining they cannot live on salaries that are far below what they think they could earn in the private sector. Airman First class Will Babor, an F-117 crew chief at Holloman AFB is "voting with his feet" after 27 months because he thinks the work he does justifies a fatter paycheck. "I don't feel I'm being paid as much as I should be," said Babor.²⁷ The shadow of uncompetitive compensation is cast on Senior Airman Gregory Sinclair's projected separation since he expects to nearly double his \$18,000 per year military salary when he leaves the service.²⁸

Next, a look at a retention incentive aimed at retaining the pilot force: Aviator Continuation Pay (ACP). The Aviator Continuation Pay program was first authorized in the FY89 National Defense Authorization Act and implemented on 1 January 1989.

The legislation provides flexibility to the Service Secretaries to define the target population eligible for ACP and permits offering ACP to officers "in an aviation specialty designated by the Secretary as a critical aviation specialty. Additionally, the legislation defines "aviation specialty" as a "community of pilots identified by

type of aircraft or weapons system or a community of other designated aeronautical officers so identifies” and a “critical aviation specialty” as an “aviation specialty in which there exists a shortage of officers on the date of designation.”²⁹

Since ACP’s inception, the Air Force has identified fixed wing pilots as a critical aviation specialty and demonstrating that without ACP, there would be a shortage of fixed wing pilots³⁰. A shortage of fixed wing pilots would have an adverse impact on readiness.

Overall, the Air Force ACP program has been very successful and has proven an effective initiative to improve pilot retention even though the financial incentive reduces but does not eliminate the draw of airline employment.³¹

Nonetheless, the warning signals regarding pilot retention are beginning to show: the CY Major Board convened in June 1997 at Randolph Air Force Base Texas received—for the first time in history—107 letters from pilots who asked not to be promoted. This resulted in a lower-than-average selection rate for pilots of 80.5 percent (vice 86 percent). A lower selection rate than the entire field which was 81.2 percent.³² This gives pause for thought that perhaps the pilot bonus is not enough incentive to stay for a full military career.

The “take rate” for the pilot bonus program has been steadily decreasing. In the Air Force the following chart recaps the long term take rate percentage for the last five years:

1994	81%
1995	76%
1996	58%

1997 33%

1998 29% (a/o 6 Feb 98)

The current projections briefed to Air Command and Staff College, 2 Dec 97, by Lt Col Barry Abbott, Chief Operations Management Division, Air Force Personnel Center, illustrate the Air Force will attrit 2500 pilots a year while producing only 1200. In conjunction, Air Force, Marine and Navy officials have been vocal in alerting Congress of ominous signs that the services will lose too many pilots to commercial airlines. They are citing bigger bonuses will be needed to keep pilots at the manning levels required.³³ Fred Pang, the Assistant Defense Secretary for Force Management Policy, cited aviation special pay as “our most cost-effective program.”³⁴ Subsequently, the Department of Defense was successful in boosting the 1998 aviation bonus from \$12,000 to \$25,000 as an incentive for eligible pilots. Following this increase in aviation bonus, the “take rates” in the Air Force show that as of February 6, 1998, 46 percent of the total eligibles have accepted the pilot bonus—with 8.4% undecided—per Lt Col Russell Frasz, Chief, Rated Force Division, Air Force Directorate of Military Personnel Policy, Pentagon.

In an effort to curtail pilot resignations that are at an “alarmingly” high rate, the Marine Corps doubled its yearly bonus to the same level as the Army and Air Force and is trying to shorten the time it takes for a pilot to complete training and be placed in an operational squadron.³⁵ Although DoD and Congress are supporting these important bonuses, it remains to be seen if they are going to be “too little; too late” to stem the exodus of this national resource.

Retirement has always been part of the recruiting and retention incentives. The retirement pay authority is set out in various provisions of Public Law, Title 10, United States Code. Its purpose is to establish and authorize the payment of retired pay for service in the armed forces of the United States in order to insure that 1) the choice of career service in the armed forces is competitive with reasonably available alternatives, 2) promotion opportunities are kept open for young and able members, 3) some measure of economic security is made available to members after retirement from career military service, and 4) a pool of experienced personnel subject to recall to active duty during time of war or national emergency exists.³⁶

The retirement program has been viewed as more of a retention program than a recruitment tool. In fact, the twenty-year retirement has been cited at the major benefit of a military career and the best personnel retention tool the Services have.³⁷ In 1977, Master Chief Quartermaster C.H. Bashore, USN, stated, "The present 20-year retirement system will continue to be the single most important factor in getting people to stay in beyond their first or second hitch and make the service a career."³⁸

The Services have been united on this issue. Additional testimony came from Yeoman Second Class B.T. Brollini, USCG, "If there were no 20-year retirement system, there would be very few people in the military. Almost everyone I know would not be in the service if it were not for the retirement system. If you want to disband the Services, change the 20-year retirement program."³⁹

Despite these firm warnings, Congress has changed the retirement system—repeatedly. The Uniformed Services are now under three different retirement systems summarized as follows:⁴⁰

Short Form Reference	Final Basic Pay	High-Three Year Average	Military Retirement Reform Act (MRRA) of 1986
Applies to:	Persons in service before Sept 8, 1980	Persons joining service from Sept 8, 1980- Jul 31, 1986	Persons joining service after Jul 31, 1986
Basis of Computation:	Final rate of monthly basic pay	Average monthly basic pay for highest 36 months of basic pay	Average monthly basic pay for highest 36 months of basic pay
Multiplier:	2.5 percent per year of service	2.5 percent per year of service	2.5 percent per year of service less 1.0 percentage point for each year of service less than 30 (restored at age 62)
Cst-of-Living Adjustment Mechanism:	Full Consumer Price Index (CPI)	Full CPI	CPI minus 1 percent (one-time catch up at age 62)

The manipulation of the retirement formula has an almost 'clandestine' effect. While the Armed Forces *maintain* a 20-year retirement, the *actual worth* of this retirement has greatly diminished. For example, a master sergeant with 20 years and 6 months service creditable for retirement would receive the following monthly amounts before taxes as computed under the different retirement plans:

Final Basic Pay:

$$(\$2,329.20 \text{ basic pay}) \times [20.5 \text{ years service} \times 2.5\% \text{ per year served}] = \mathbf{\$1,193.72}$$

High Three:

$$(\$2,203.35 \text{ average basic pay}) \times [20.5 \text{ years service} \times 2.5\% \text{ per year served}] = \mathbf{\$1,129.22}$$

MRRA :

$$(\$2,203.35 \text{ average basic pay}) \times [(20.5 \text{ years served} \times 2.5\% \text{ per year served}) - 9.5\%] = \mathbf{\$919.90^{41}}$$

The difference is startling—and not readily evident when a new member hears the magic words “20-year retirement”...but certainly something to weigh at critical

career decision junctures, i.e., SRB, pilot bonus, assignment options. A separation specialist at Bolling AFB Military Personnel Flight stated, "I have a lot of senior airmen separating because retiree pay doesn't pay you to stay in. I don't think I would want to put in 20 years and get 40 percent of my military pay."⁴²

The erosion of the retirement program is definitely not lost on the troops.

Senior Airman, I.R. Hester states in a letter to *Air Force Times* editor:

"If I retired after 20 years of service, I would receive 40 percent for retirement. What kind of retirement check is that?...A retirement check is suppose to be just that—retirement. It does not mean I have to find another job to make ends meet. So why shouldn't I separate now while I am still young enough for employers to want me on their payroll?...We are underpaid, underappreciated, and overused."⁴³

A Senior NCO notes in his January 19, 1998 letter to *Air Force Times* Editor: "Airmen used to say that if they served 10 years (the hump), then they could serve another 10 years for the big benefit—retirement. Now airmen are looking at the hump and not considering the retirement benefit because of its diminished value. These airmen are our future leaders and they are leaving."⁴⁴

John Van Vactor, SMS (Retired)

If the future of tomorrow's military is getting out today, there will be no national state of military readiness tomorrow.

Due to the unique lifestyle of the military, an important component of retention and readiness is "willingness to serve". It's a fact that military service is different from civilian life and the uniqueness of military service needs to be recognized. Brigadier General James D. Hittle, USMC, Retired, noted that Rudyard Kipling captured this element in the following verse:

*"It's Tommy this, and Tommy that, an
'Chuck 'im out, the brute!'
Bit it's 'Savior of our Country,' when*

the guns begin to shoot."⁴⁵

Patriotism has been and will continue to be very much in the forefront of why people serve. Ironically, the military's success at maintaining peace and putting an end to the Cold War has caused many members to feel their service is 1) not needed and 2) not appreciated. Historically, military careerists have not looked upon their military service as "just a job"⁴⁶, but the end of "The Threat" and the Cold War have made the needs for their service less tangible. This disillusionment is voiced by Master Sergeant Brent Bolter in a December 8, 1997, letter to the *Air Force Times* editor: "In the aftermath of the gulf war...it has become clear to those in the trenches that we are not important to the president or the nation. That has had a definite impact on morale."

Chapter 4

Quality of Life and Readiness Impacts

One cannot examine the quality of life in the post Cold War era without considering defense budgetary impacts and operations tempo (OPTEMPO) and personnel tempo (PERSTEMPO). In early 1997, Lt Gen Thomas A. Schwartz, commander of III Corps, Fort Hood, Texas, testified before members of Congress that the quality of life for soldiers and their families is directly tied to readiness. The combined military representatives sent a message of warning: growing pilot shortages, cannibalization of weapons, aging trucks and aircraft and spot shortages of midgrade noncommissioned officers threaten military readiness.⁴⁷

General Schwartz went on to testify regarding the link between quality of life and readiness. More and more exercises, coupled with the rise in contingencies such as Bosnia and the Persian Gulf, have strained OPTEMPO to the breaking point. When that strain is combined with inadequate pay raises, a feeling that benefits are eroding and fears of a second drawdown, the results are people leave the services in worrisome numbers.⁴⁸ An example is the sergeant who left the Army to take a job with United Parcel Service. "I couldn't offer him the stability, the future, that his fiancée wanted to hear. As a brigade sergeant major...quality of life is an issue for my soldiers...and their compensation,"

testified CSM Roy Thomas of the Army's 2nd Brigade. No service is immune. "I have chief petty officers and senior chief petty officers not retiring, but getting out at 16 or 17 years," stated Navy Master Chief Robert Hallstein, command master chief aboard the carrier Enterprise. The average infantry Marine spends 177 days each year deployed. The Air Force noted that 40 percent of the majors at Charleston AFB are expected to get out next year and very few young enlisteds can afford to take part in the Montgomery GI Bill because they need every dollar to pay their day-to-day bills.⁴⁹

The deployments also take their toll in the pocketbook. Effective 1 October 1996 the Joint Federal Travel Regulation introduced the "new" temporary duty (TDY) per diem rate called Proportional Per Diem (PPD) as an additional means of determining meal reimbursement for TDY travelers. An explanation of what this means in dollars to the official business traveler follows:

"Effective 1 Oct 96, the surcharge amount paid by TDY travelers will be reduced from \$18.15 (+ \$2.00 incidentals) to \$7.00 (+ \$2.00 incidentals) per day at government dining facilities. Travelers should understand that *if used properly* (author's italics) for all three meals, the \$7.00 is equivalent to the \$18.15 previously received. Reduced government meal charges and the introduction of the proportional meal rate require a *new mind set* (author's italics) concerning the use of military dining facilities for TDY travelers.⁵⁰

Further clarification of the new rules explain, "Historically, only enlisted members have been required to use military dining facilities; however, effective 1 Oct 96, officers traveling in a TDY status will also be authorized and *may be directed* (author's italics) to use the government dining facility."⁵¹ In sum, the PPD that has quietly made its way into official business reimbursements reduces

TDY meal options and payments at a time when deployments are on an increase. This can only hurt—not help—deployed troops and their families.

Recognition that readiness is crucial is not new to defense leaders. Indeed, former Secretary of Defense William Perry gave it the attention it merits when he recognized that readiness and quality of life go hand in hand. Excerpts from his article to *The Times Dispatch* follow:

“From the moment I took office as secretary of defense, my number 1 priority has been readiness—the preparedness of our troops to fight and win. The all-volunteer force we currently employ is the most motivated and dedicated force ever. But the reality of the ‘90s is that these military men and women have attractive job opportunities to consider in the civilian workplace. They can go, and they will go if their families cannot count on being treated right. Quality of life is not a mere phrase. Good housing, a clean living environment and strong family support systems contribute to a strong force by ensuring the retention of the skilled people who make our forces as ready as they are.....Quality of life is key to readiness. In the final analysis, readiness is about keeping good people. And, as we have learned time and again, we in the military are only as good as our people—only as good as the people we keep.”⁵²

The concern about eroding quality of life and readiness is everywhere. After investigating two dozen military units at 50 bases, House National Security Committee Chairman Floyd D. Spence, stated: “Doing more with less may be the military’s new motto, but it is not a sustainable strategy, (n)or is it conducive to ensuring the long-term preparedness of an all-volunteer force.”⁵³ His committee report showed manning at an all-time low; forces stretched to lengths unimagined 10 years ago; and many cases of military members taking on more responsibility at lower ranks and working extremely tough schedules. Spence further testified, “Taken together, the growing strain on military personnel and families, diminished training, a quality-of-life deficit, unskilled maintenance and the

inexorable pressure of budgetary constraints present a picture of a dangerously overextended force.”⁵⁴

But where is the fix? Promises of ‘budget increases’ and ‘reduced deployments’ ring hollow to members and their families when the facts don’t bear them out.⁵⁵ Throughout America’s armed forces, there is mounting evidence that conventional combat skills—and the warrior ethic that goes with them (author’s italics)—are being eroded by a combination of downsizing, budget cuts, and widespread commitment to noncombat operations in Bosnia, the Middle East, and elsewhere.⁵⁶

In the Air Force, “mission capable” rates for some fighter jets, which measure how many planes can be ready for war on short notice, are more than 15 percentage points lower than they were in 1989. Downsizing and budget cutting have left some ships short of parts and crew members and have forced commanders to increase their estimates of how long it will take to be ready to fulfill wartime tasks. And one Army colonel flatly states, “The readiness rates are false.”⁵⁷

And the OPTEMPO just keeps on coming.....as US troops must safeguard vaguely-defined American and global “interests” in an increasing number of far-flung places. The OPTEMPO in the 90’s is double the OPTEMPO in the 80’s. To illustrate, from 1990 to 1998, US armed forces have been utilized in 36 foreign missions (average of 4.5 missions per year), compared with just 22 between 1980 and 1989 (average of 2.2 missions per year). A significant part of the readiness

picture is that these missions have been met by 30 percent fewer forces since 1989.⁵⁸

By its own benchmarks, US military manpower and readiness are falling short. Troops' morale, an intangible but essential ingredient of success in combat, can weather temporary problems. But persistent shortages and seemingly never-ending commitments take a toll. Plus, a more important casualty is confidence. A C-130 pilot says that due to training cutbacks, "my own skills are nowhere near where they were. Some on the new guys, I'm deathly afraid to go to war with them. They just don't have the training."⁵⁹

To further exacerbate the OPTEMPO impact, the promise of comparability in basic military compensation is not yet a fact of life. In real terms, service members who received only the base raises in 1994 and 1995 already have less purchasing power than they did in 1993. This reduced compensation, coupled with rising OPTEMPO, is evident in the tone and content of recent letters to the *Air Force Times* editor:

"Do our leaders realistically expect us to willingly fly, drive or march into harm's way when our paychecks cannot keep us off the public-assistance roster and our job will not allow us to be home to see our children grow up?"

Kevin Ernest
Technical Sergeant
December 8, 1997

"Sometimes the money is an insult...I am frustrated, disappointed, and tired."

Jim Zarkos
Senior Master Sergeant
December 8, 1997

This does not translate to all “doom and gloom” however. In 1997 the Army identified 93 military occupational specialties for the bonus program—the most before the drawdown. This resulted in surpassing retention goals for both first termers and midcareerists. First termers signed up to fill 116 percent of the goal and midcareerists signed up to fill 126 percent of the goal.⁶⁰

Chapter 5

Summary

To quote George Santayana (1863-1952): “He who does not remember the past is condemned to repeat it.” He could have been referring to national defense today. The “hemorrhage of talent” that was the trademark of the services in the late 70’s was corrected by an infusion of compensation and bonuses in the Defense Authorization Acts of 1980 and 1981. Time and inflation have eroded military compensation—and our memories—since the Armed Forces of the 90’s are beginning to strain under missions, budget reductions, downsizing and outsourcing—and no visible steps are being taken by Congress to provide a ‘mid-course correction’.

History Lesson: Former Defense Secretary, Melvin R. Laird, blamed the “deplorable state” of military pay and benefits for the severe recruiting and retention problems in the services that threatened to collapse the all-volunteer force. He stated, “I am certain that unless we compensate our people adequately, the all-volunteer force will not work and we will do irreparable harm to the prestige of military service and to the military family.”⁶¹

History Lesson: The 1978 West Coast Survey of 1,876 naval personnel to determine retention factors indicated that “good wages” ranked number 1.⁶² This

survey data further illustrated that 78 percent felt their expectations of pay were violated and 90 percent felt their expectations of family separations were violated. Of those disappointed in pay, 52 percent indicated they intended to separate. Survey comments: “Yes, the pay issue is real. Pay is causing an inordinate amount of dissatisfaction.” “People may not have joined the Navy to become rich, but good people don’t like to be insulted. Most Navy people feel their present pay is an insult.”⁶³

History Lesson: Air Force exit surveys administered to exiting pilots in 1979 indicated pilots were concerned about pay and benefits.⁶⁴ Specifically, 57 percent felt their annual pay increases were too small and that was the major reason for getting out.⁶⁵ Although the Air Force is not conducting exit surveys in 1998, pay and benefits certainly must enter into the separation equation. Another thing that has not changed over the years is the recognition that commands cannot redress the professional and financial insecurity pilots feel. Now, as then, the Congress must deal with this concern in the personnel policies adopted and the compensation plans provided—just as they responded in 1980 and 1981 with the respective Defense Authorization Acts that significantly increased regular military compensation. This action needs to be taken before pilot losses increase 19 percent a year, with a projected shortfall of 1000 more than expected in 1984.⁶⁶

History Lesson: Calling the military pay issue “a national disgrace”, former Defense Secretary Laird warned that it is virtually impossible for the US Armed Forces to attract and retain the young men and women needed—particularly in high-skills areas—for the increasingly complex and technologically

sophisticated defense establishment. Laird further exhorted in 1980 that that the President, Congress and American public reneged on the commitment to provide a decent standard of living and meaningful quality of life when the purchasing power for military personnel declined 14% and disposable income declined almost 25% from enactment of the All Volunteer Force in 1972. These troubling statistics were emphasized only after *all four services* failed to meet their recruiting goals.⁶⁷

History Lesson: Former Air Force Chief of Staff, General Lew Allen, Jr., spoke on behalf of servicemembers: “The experienced people we need most, particularly as the risk of nearterm hostilities grows, are simply walking out the door. We are losing highly skilled pilots, technical people, mechanics, and other specialists—the core of our effectiveness. Each of them represents a huge investment in training and an irreplaceable asset in experience.” General Bennie L. Davis, former Commander of Air Training Command, augmented concerns by citing the trend of moving less experienced people into more critical areas.”⁶⁸

These “history lessons” cited are not a recital about how things were, but a blueprint for how things are. This paper illustrates that the Armed Forces of the 90’s are experiencing much of the same retention problems experienced in the late 70’s. What is missing today is that the message is not being delivered in the same direct manner and therefore, not being received by those empowered to change it: the lawmakers.

A three part series on readiness printed in *The Army Times* in early 1997 acknowledged that even among the Army’s senior generals, there was a lack of

consensus on how bad the situation is and on the significance of such traditional readiness indicators as trends at the Army's training centers.⁶⁹ To be sure, there is a marked difference in the message and concern between a battalion commander who stated that "While everyone is looking at the tip of the spear, the shaft is rotting, and no one's picking up on it,"⁷⁰ and Lt Gen Ted Stroup, former Army Deputy Chief of Staff for Personnel, who stated that he was "exceedingly pleased that the retention rate has stayed as good as it has" and attributes the Army's success in retaining quality soldiers to "a combination of exciting duty and the fact that a lot of our predecessors got it right when training and growing leaders."⁷¹

While this paper doesn't pose that we return to the "gloom and doom" message of the 70's if the facts don't bear that out, it does propose that military leaders need to passionately elevate their concern tempo (CONTEMPO) to match today's OPTEMPO. If the message is getting delivered, the troops don't know it...and Congress is not paying attention.

Notes

- ¹ *Military Compensation Background Papers*, Fifth Edition, September 1996, pp5-6.
- ² *Ibid.*, p88.
- ³ *Committee on Armed Services Hearings on HR 5168, HR 7626, and S1454*, 1980, p63.
- ⁴ *Ibid.*, p75.
- ⁵ *Military Compensation Background Papers*, Fifth Edition, September 1996, p7.
- ⁶ *Ibid.*, pp7-8.
- ⁷ *Report of the President's Commission on Military Compensation*, US Gov't Printing Office, Washington D.C., p112.
- ⁸ *Military Compensation Background Papers*, Fifth Edition, September 1996, pp9-10.
- ⁹ *Ibid.*, p36.
- ¹⁰ *Ibid.*, p89.
- ¹¹ *Ibid.*, p36 and p520.

Notes

- ¹² *Ibid.*, p89.
- ¹³ *Ibid.*, pp90-91.
- ¹⁴ *Ibid.*, p47.
- ¹⁵ Hudson, Neff, "Get Used to Tiny Raises," *Navy Times*, 4 Aug 95, p17.
- ¹⁶ Hudson, Neff, "Reenlistment Bonuses Threatened," *Navy Times*, 4 Aug 95, p17.
- ¹⁷ Burlage, John, "Getting Paid to Stay," *Navy Times*, 4 Jul 96, p16.
- ¹⁸ *Ibid.*, p16.
- ¹⁹ "Reenlistment Incentives," *All Hands 1997*, pp69-70.
- ²⁰ Hudson, Neff, "Reenlistment Bonuses Threatened," *Navy Times*, 4 Aug 95, p17.
- ²¹ *Military Compensation Background Papers*, Fifth Edition, September 1996, pp451-452.
- ²² *Ibid.*, pp452-453.
- ²³ Jordan, Bryant, "Benken: Retention is 'Going South'," *Air Force Times*, Dec 15, 1997, p4.
- ²⁴ Stevens, Terry, "Provide More Guidance to Enlisteds," *Air Force Times*, January 19, 1997, p18.
- ²⁵ *Ibid.*, p18.
- ²⁶ Pulley, John, "Should You Stay or Should You Go?," *Air Force Times*, November 10, 1997, p12.
- ²⁷ *Ibid.*, p12.
- ²⁸ *Ibid.*, p13.
- ²⁹ "Air Force Rated Management Study," HQ USAF/DPXF, January 1998, p22.
- ³⁰ *Ibid.*, p22.
- ³¹ *Ibid.*, pp25-26.
- ³² Bird, Julie, "Please Don't Promote Me," *Air Force Times*, August 25, 1997, p3.
- ³³ Compart, Andrew, "Navy, Corps, AF Foresee Pilot Exodus," *Air Force Times*, Mar 17, 1997, p4.
- ³⁴ Compart, Andrew, "Navy, Corps, AF Foresee Pilot Exodus," *Air Force Times*, Mar 17, 1997, p4.
- ³⁵ *Ibid.*, p4.
- ³⁶ *Military Compensation Background Papers*, Fifth Edition, September 1996, p511.
- ³⁷ *A Report of the Views of Enlisted Personnel on Military Compensation and Retirement*, Fleet Reserve Assoc, Nov 1977, p21.
- ³⁸ *Ibid.*, p21.
- ³⁹ *Ibid.*, p21.
- ⁴⁰ *Ibid.*, p529.
- ⁴¹ 42 MSS/DPM Ltr, Atch 1, 6 Nov 97.
- ⁴² Pully, John, "Study: Benefits Confuse Troops," *Air Force Times*, Oct 6, 1997, p24.
- ⁴³ Hester, I.R., "Underpaid and Overused," *Air Force Times*, December 8, 1997, p22.
- ⁴⁴ Letter to the Editor, *Air Force Times*, Jan 19, 1998, p28.
- ⁴⁵ *A Report of the Views of Enlisted Personnel on Military Compensation and Retirement*, Fleet Reserve Assoc, Nov 1977, p10.
- ⁴⁶ *Ibid.*, p13.
- ⁴⁷ Weible, Jack, "At What Price Readiness?," *Army Times*, Mar 17, 1997, p10.

Notes

⁴⁸ *Ibid.*, p17.

⁴⁹ *Ibid.*, p17.

⁵⁰ 99 CPTS/CC Ltr, Nellis AFB NV, 29 Sep 96, p4.

⁵¹ *Ibid.*, p4.

⁵² Perry, William, "Readiness and Quality of Life go Hand in Hand," *Army Communicator*, Fall 1995, pp49-50.

⁵³ "Military Readiness Eroding, House Chairman Charges," *Defense and Foreign Policy*, April 12, 1997, p858.

⁵⁴ Smith, Leslie, "Readiness Advice Should be Heeded," *Air Force Times*, August 4, 1997, p54.

⁵⁵ Hudson, Neff, "Get Used to Tiny Raises," *Navy Times*, August 4, 1995, p4.

⁵⁶ Newman, Richard J., "Can Peacekeepers Make War?," *US News & World Report*, January 19, 1998, p39.

⁵⁷ *Ibid.*, p40.

⁵⁸ *Ibid.*, p40.

⁵⁹ *Ibid.*, pp41-44.

⁶⁰ Tice, Jim, "Going Like Gangbusters," *Army Times*, May 12, 1997, p8.

⁶¹ Laird, Melvin R., "Pay Held Responsible for Retention Problem," *Air Force Times*, February 4, 1980, p4.

⁶² Edelstein, Dan N., "Retention: Is Pay the #1 Issue?," *Proceedings*, June 1980, p74.

⁶³ *Ibid.*, pp77-78.

⁶⁴ Craver, M.L., "No Surprises in Why Pilots Leave Service," *Air Force Times*, June 4, 1979, p23.

⁶⁵ Craver, Martha Lynn, "Pay Drove Out Pilots in 1979," *Air Force Times*, March 24, 1980, p3.

⁶⁶ Craver, M.L., "Chayes: Force Shortages Bad, But Controllable," *Air Force Times*, March 12, 1979, p3.

⁶⁷ Hessman, James D., "Military Personnel Problems Reach Crisis Stage," *Sea Power*, March 1980, pp23-25.

⁶⁸ Thuermer, Karen E., "Pay and Retention," *Sergeants*, September 1980, pp23-25.

⁶⁹ Naylor, Sean, D., "Creeping Hollowness," *Army Times*, February 7, 1997, p 3.

⁷⁰ *Ibid.*, p4.

⁷¹ Naylor, Sean, D., "A Balance," *Army Times*, February 10, 1997, p18.

DISTRIBUTION A:

Approved for public release; distribution is unlimited.

Air War College
Maxwell AFB, Al 36112