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The Impacts of Budget Cuts on Recruit Quality and the United States Marine Corps: Executive Summary

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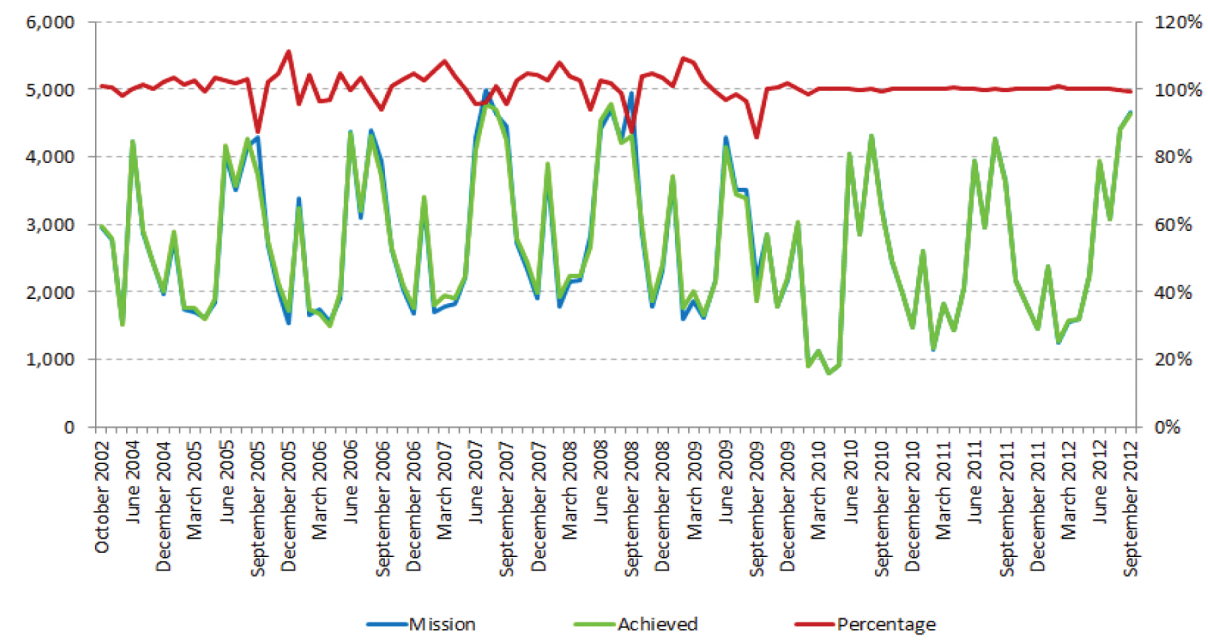
Ongoing budget deliberations

In the current fiscal environment, all government agencies—including those beyond the Department of Defense (DOD)—are being asked to take budget cuts and to consider how to reallocate resources to yield efficiencies. Within DOD, the United States Marine Corps (USMC) is evaluating how the effects of resource cuts may vary depending on where they occur. Marine Corps Recruiting Command (MCRC) is perhaps more at risk than other USMC commands because of its ongoing success: MCRC is surpassing historical norms in terms of recruit quality. Although some of this success is certainly attributable to the lack of civilian employment opportunities in the currently weak economic environment, it raises questions as to whether MCRC could meet its mission with fewer resources. If MCRC's resources are cut—via a decrease in its advertising budget (currently $80 million), its recruiting operations budget (currently $97 million), and/or its recruiter endstrength (currently 3,760)—what would be the implications for both MCRC and the USMC? CNA was tasked with helping MCRC answer this question.

The relationship between recruiting resources and recruit quality

Even in difficult recruiting environments—when resources, recruiter endstrength, the civilian unemployment rate, and/or military propensity are low—the services tend to meet their overall recruiting missions. This is because these are missions for which recruiters (and their commanding officers) are personally responsible and, thus, that greatly affect their careers and continued professional development. Recruiters are personally incentivized to meet their missions, regardless of how hard they might have to work to make this happen.[1] As a result, there is little variation over time in the gap between accessions and missions, and we cannot identify a systematic relationship between resource cuts and the mission-accession gap. In most cases, this gap simply does not exist, as illustrated in figure 1. The blue and green lines, representing MCRC's shipping mission and shipping achieved, respectively, almost always overlap, and in many of the cases where they diverge, MCRC exceeded its mission.

Figure 1. MCRC shipping missions and accessions achieved, FY03–FY12[a]



a. Source: Data provided by MCRC G-3.

1. This, at times, results in increased stress on recruiters: their stress levels rise, their quality of life falls, and cases of recruiter misconduct become more prevalent.

Our study focused on how the quality of new accessions varies over time. Average quality depends on both the recruiting environment (the overall quality of the eligible and propensed population) and the accession mission (for a given recruiting environment, increased missions will decrease overall quality since the "stock" of high-quality (HQ) people does not change). We define HQ recruits as those who have traditional high school diplomas and score in the upper 50 percentiles of the Armed Forces Qualification Test (AFQT). Lower quality (LQ) recruits are those who do not meet both of these qualifications. There is also a "lower bound" below which quality cannot fall: the Commandant of the Marine Corps' (CMC's) recruit quality standards. Although, as previously noted, it is unlikely that we will observe dips in recruit quality below these cutoffs, there will still be variation in quality *above* the benchmarks. This is where quality is a more useful indicator of the effect of recruiting cuts; accessions will generally not *exceed* the mission, whereas recruit quality can exceed the CMC's benchmarks.

The percentage of HQ enlisted accessions is currently higher than ever, largely a result of the weak economy and increased recruiting resources. In FY12, 99.9 percent of recruits had a traditional high school diploma and 74.8 percent scored 50 or above on the AFQT. Thus, there is room for quality to fall from its current levels and still satisfy the CMC's recruit quality standards of 95 percent high school diploma graduates and 63 percent in the upper 50 percentiles of the AFQT.[2]

Because numerous studies have proved that resources and recruit quality move together, we take that relationship as given and evaluate both the immediate and longer term effects of accessing LQ enlisted recruits.

What are the implications of a lower quality accession cohort?

Because youth with more education and higher aptitude have more attractive options outside the military—and, thus, are more difficult to recruit—a lessened recruiting capacity (via budget or recruiter cuts) implies that these will be some of the recruits forgone, resulting in lower average recruit quality.

As we demonstrate, at any percentage of HQ accessions, there are possible trade-offs: increasing the HQ percentage further (by increasing the percentage with traditional high school diplomas or improving the AFQT distribution) always implies higher recruiting costs (in a given recruiting environment), lower attrition, and higher readiness. Conversely, decreasing the HQ share implies lower recruiting costs, higher attrition, and reduced readiness. What is important for the USMC to determine is the relative cost of these outcomes, and whether the savings from decreasing the HQ share (perhaps by different amounts) is sufficient to compensate for the resulting, undesirable effects.

Our analyses reveal that HQ recruits provide a greater return on investment than their LQ counterparts. We find direct effects of recruit quality on important USMC outcomes. For example, HQ recruits are less likely to attrite, from both bootcamp and their first terms, yielding savings for the USMC because attrition is costly. In addition, HQ recruits are less likely to receive Non-Judicial Punishments (NJPs) or be demoted—processes that entail significant administrative costs and potential morale effects for other Marines. So, despite the higher recruiting expense, replacing an LQ recruit with an HQ recruit is likely a cost-saving endeavor for the enterprise.

HQ recruits also are more likely to contribute to a more able USMC. They are more likely to be rifle experts by the end of the first term and to promote faster. They receive higher Proficiency and Conduct marks but have slightly lower physical fitness test (PFT) scores at the end of the first term and are less likely to reenlist among the population of recommended and eligible Marines (perhaps because of better outside job opportunities). Table 1 summarizes both the direction and magnitude of these effects. Since higher quality is correlated with better performance, significant declines in quality will weaken the USMC's combat capability and readiness via lower average performance.[3] In addition to these quantifiable impacts, there is likely a significant number of additional implications of cuts to MCRC's budget and the resulting decrease in recruit quality. We discuss two in the next section.

2. The DOD standards for recruit quality are 90 percent high school diploma graduates and 60 percent in the upper 50 percentiles of the AFQT.

3. Aside from the quantitative analysis provided herein, others who have studied the relationship between quality and performance find that HQ USMC recruits perform better, thus improving the USMC's readiness.

Table 1. Performance differences between HQ and LQ recruits

	HQ vs. LQ		HQ vs. LQ
Bootcamp attrition	HQ (9%)<LQ (12%)	Final first-term PFT score	HQ (227)<LQ (230)
First-term attrition	HQ (14%)<LQ (18%)	Proficiency marks	HQ (39.5)>LQ (38.8)
Recommended and eligible	HQ (90%)>LQ (88%)	Conduct marks	HQ (39.2)>LQ (38.5)
Reenlisted (given recommended and eligible)	HQ (28%)<LQ (29%)	Months to corporal	HQ (29)<LQ (31)
Reduced in grade at least once	HQ (17%)<LQ (21%)	Months to sergeant	HQ (47)<LQ (51)
Number of first-term Non-Judicial Punishments (NJPs)	HQ (0.39)<LQ (0.50)	Rifle expert at end of first term	HQ (55%)>LQ (49%)

Other nonquantifiable implications

In this section, we discuss two of the nonquantifiable implications for the USMC of cuts to MCRC's budget and the resulting decrease in recruit quality. Although there are clearly others, we focus here on the implications for manning High-Demand/Low-Density (HD/LD) Military Occupational Specialties (MOSs) and the challenges of reestablishing a USMC presence in local communities once recruiters have been removed.

A decline in recruit quality will have implications for the USMC's ability to man MOSs with higher qualification standards. In a 2011 CNA study of HD/LD and chronically short occupations,[4] the authors found that one of the main challenges to sufficiently manning these MOSs was convincing HQ recruits to join (or getting them to consider joining) these HD/LD or chronically short occupations. There was *not* a lack of qualified Marines in the USMC to fill these shortages. There was simply a lack of qualified Marines with interest in filling billets in those particular MOSs. There are, however, minimum test-score qualifications (and often security clearance requirements) for these MOSs, as shown in table 2, suggesting that decreases in recruit quality could change this story. In other words, if MCRC's resources are cut to such levels that significant and USMC-wide decreases in recruit quality result, MOSs that are already difficult to man—but critical to the USMC's readiness and operational capacities—may become even more so. In addition, other MOSs with relatively high test score qualifications not currently on this list would likely have to be added.

There also are MOSs not on this list, and not currently experiencing severe manning shortages, but that the Manpower Plans and Policy Division (MP) considers "short" since today's inventory of Marines in those MOSs is insufficient to fill the more senior requirements that will be needed in a few years. MP also takes forecasted structure growth into account when creating its list of short MOSs. These MOSs and their corresponding requirements are listed in table 3. As indicated by the necessary test scores, security clearances, and other qualifications for these MOSs, the USMC's need for HQ recruits will continue, even as structure shifts from currently high-priority MOSs to others.

The second nonquantifiable but equally important implication of recruiting cuts is the cuts' reversability. Fewer recruiters, a smaller recruiting operations budget, and/or a smaller advertising budget all have consequences that may not be easily reversed. Cuts to the recruiting force or to recruiting operations will likely result in a retreat from some communities, with recruiters visiting them less often or not at all. Once this occurs, simply returning to these communities

4. Neil Carey et al. *Managing Chronicallly Short and High-Demand/Low-Density Primary Military Occupational Specialties.* CNA Research Memorandum D0024597.A2/Final. Jun. 2011.

Table 2. PMOS requirements for chronically short and HD/LD MOSs[a]

PMOS	Test score requirement	Lowest starting grade	Security requirement	Chronically short or HD/LD?
0211	GT[b] 110, DLPT[c] 2/2	Cpl	Top secret	Chronically short
0231	GT 100	Pvt	Top secret	Chronically short
0241	GT 100	Sgt	Top secret	HD/LD
0321	GT 105	Pvt	Secret	HD/LD
0511	GT 110	Pvt	Top secret	HD/LD
2671	GT 105, DLAB[d] 110	Pvt	Top secret	Chronically short
2834	EL 115	Sgt	Secret	HD/LD
6114	MM 105	Pvt	Not listed	Chronically short
0861	GT 100	Pvt	Secret	Chronically short
2336	GT 110	Sgt	Final secret	HD/LD
2871	EL 115	Pvt	Secret	Chronically short

a. Source: Neil Carey et al. *Managing Chronicallly Short and High-Demand/Low-Density Primary Military Occupational Specialties.* CNA Research Memorandum D0024597.A2/Final. Jun. 2011.
b. GT is the General Technical score, EL is the Electronics score, and MM is the Mechanical Maintenance score, each composed of various subtests of the Armed Services Vocational Aptitude Battery.
c. DLPT is the Defense Language Proficiency Test.
d. DLAB is the Defense Language Aptitude Battery.

Table 3. MOSs on MP's"future short list"[a]

PMOS	Percentage manned	Test score require-ment	Lowest starting grade	Security requirement	Additional qualifications
0372	85%	GT 105	Sgt	N/A	PFT 225, no NJPs in last 12 months, <2 NJPs on current contract, no adverse Fitness Reports[b]
0659	95%	N/A	SSgt	Secret	
0681	93%	GT 100	SSgt	Top secret eligible	
0689	102%	GT 110	Sgt	Secret eligible	
5821	89%	GT 110	Sgt	N/A	No courts-martial or civil-court convictions, no NJPs involving illegal drugs, spouse abuse/ domestic violence, or immoral character
7257	76%	GT 110	Pvt	Secret eligible	

a. Source: MP division of Manpower & Reserve Affairs (M&RA).
b. Fitness Reports replace Proficiency and Conduct marks as the primary means of evaluation once Marines reach the rank of Sergeant

later may not result in a return to previous productivity levels. Relationships between recruiters and the community are formed over time and, thus, will take time to rebuild. In a 2007 study of Army recruiting, the authors separately estimated the effects of cutting and adding recruiters. They estimated that a 10-percent increase in the number of recruiters would result in a 4.8-percent increase in HQ Army accessions, but that a 10-percent *decrease* would result in a 6.2-percent decrease in HQ accessions.[5] Thus, a cut to recruiting does more damage than adding back the same amount can repair. For these reasons, it is more efficient to make measured recruiting cuts that can later be reversed.

Similarly, advertising is more efficient if maintained over time. Youth and influencers form opinions about military service—and the USMC specifically—over many years and based on a variety of sources, including USMC advertisements. A recent review of military recruiting cites a broad consensus that cuts to advertising have long-term consequences that are not easily reversed by simply restoring the advertising budget to previous levels.[6]

Budget cut scenario analysis

Finally, we examine the implications of budget cuts in a number of different scenarios. We start with three possible values of the unemployment rate: 5, 7, and 8 percent. The first is a fairly low unemployment rate and represents a considerably more difficult recruiting environment than MCRC's current situation. Under these three different economic conditions, we then consider three possible levels of advertising funding ($70 million, $80 million, and $90 million) and three possible levels of recruiter endstrength (3,760, 3,685, and 3,610), representing the current Table of Organization and cuts of 75 and 150 recruiters.

The first step in this scenario analysis was to construct a baseline or starting point from which to project changes in accession quality due to changes in recruiting resources. It may seem obvious to pick FY12 as the baseline in order to predict accession quality changes from the FY12 level. However, the quality of FY12 accessions may not be attributable to FY12 resources. In fact, 61.2 percent of the FY12 accession mission was already contracted by the end of FY11. In addition, much recruiter time is spent prior to contracting, convincing the applicant and his or her parents of the desirability of a USMC career. Finally, impressions of the USMC are formed over time. Thus, we believe FY11 resources are the best proxy for the quality obtained in FY12 accessions. The FY11 baseline contains 3,760 recruiters, an executed advertising budget of $141 million, an unemployment rate of 9.1 percent, and a total of 21,805 HQ accessions. The FY12 baseline contains 3,760 recruiters, an executed advertising budget of $106 million, an unemployment rate of 8.3 percent, and 22,814 HQ accessions.

The resulting number of HQ accessions in any scenario is:

HQ accessions = Baseline HQ accessions(1 + Recruiter effect)*(1 + Unemployment effect) + Advertising effect*

Table 4 displays the resulting percentages of HQ accessions in FY15 and FY17 under these scenarios. As the table illustrates, none of these combinations of unemployment rate, advertising budget, and recruiter endstrength are problematic in FY15, but a number of them may present challenges in FY17. The main reason for these differences is that the FY17 accession mission will significantly exceed the FY15 mission (32,727 versus 28,603). We have highlighted in blue, in table 4, those scenarios that are potentially worrisome. These are the scenarios that could result in MCRC *missing* the CMC's quality standard.[7] It is not surprising that there are more "troublesome" scenarios when starting from the FY11 baseline because this was a "rosier" baseline than FY12 (the advertising budget and the unemployment rate were higher).

Note that each of the fluctuating variables (unemployment rate, recruiter endstrength, and advertising funding) impose risks, and when one variable reaches a level that imposes a high risk of missing the CMC's standards (such as unemployment rates reaching 5 percent, or advertising funding dropping to $70 million), alterations in the other variable can help minimize the impact of the change. With large enough resource cuts, however, MCRC will be unable

5. Curtis J. Simon and John T. Warner. "Managing the All-Volunteer Force in a Time of War." *The Economics of Peace and Security Journal* 2, no. 1, Jan. 2007: 20-29.

6. Barbara A. Bicksler and Lisa G. Nolan. *Recruiting an All-Volunteer Force: The Need for Sustained Investment in Recruiting Resources—An Update*. Strategic Analysis, Inc. Dec. 2009.

7. The Commandant's standard requires at least 63 percent of accessions to score in the upper 50 AFQT percentiles, and at least 95 percent to be high school graduates. If no more than 5 percent of high-scoring accessions lack a diploma, than at least 58 percent of accessions are HQ. Hence 58 percent is used as the minimum requirement in table 4.

Table 4. Scenario combinations of unemployment rate, advertising budget, and recruiter endstrength: what are the resulting percentages of HQ accessions?

Advertising budget (in $M)	Recruiter end-strength	Unemploy-ment rate	2011 baseline			2012 baseline		
			HQ recruits	FY15 %HQ	FY17 %HQ	HQ recruits	FY15 %HQ	FY17 %HQ
90	3,760	8%	20,165	70.5	61.6	21,992	76.9	67.2
90	3,760	7%	19,901	69.6	60.8	21,690	75.8	66.3
90	3,760	5%	19,374	67.7	59.2	21,085	73.7	64.4
90	3,685	8%	19,929	69.7	60.9	21,743	76.0	66.4
90	3,685	7%	19,668	68.8	60.1	21,444	75.0	65.5
90	3,685	5%	19,147	66.9	58.5	20,846	72.9	63.7
90	3,610	8%	19,693	68.8	60.2	21,494	75.1	65.7
90	3,610	7%	19,435	67.9	59.4	21,198	74.1	64.8
90	3,610	5%	18,920	66.1	57.8	20,607	72.0	63.0
80	3,760	8%	19,447	68.0	59.4	21,274	74.4	65.0
80	3,760	7%	19,183	67.1	58.6	20,972	73.3	64.1
80	3,760	5%	18,656	65.2	57.0	20,367	71.2	62.2
80	3,685	8%	19,211	67.2	58.7	21,025	73.5	64.2
80	3,685	7%	18,950	66.3	57.9	20,726	72.5	63.3
80	3,685	5%	18,429	64.4	56.3	20,128	70.4	61.5
80	3,610	8%	18,975	66.3	58.0	20,776	72.6	63.5
80	3,610	7%	18,717	65.4	57.2	20,480	71.6	62.6
80	3,610	5%	18,202	63.6	55.6	19,889	69.5	60.8
70	3,760	8%	18,893	66.1	57.7	20,720	72.4	63.3
70	3,760	7%	18,629	65.1	56.9	20,418	71.4	62.4
70	3,760	5%	18,102	63.3	55.3	19,813	69.3	60.5
70	3,685	8%	18,657	65.2	57.0	20,471	71.6	62.6
70	3,685	7%	18,396	64.3	56.2	20,172	70.5	61.6
70	3,685	5%	17,875	62.5	54.6	19,574	68.4	59.8
70	3,610	8%	18,421	64.4	56.3	20,222	70.7	61.8
70	3,610	7%	18,163	63.5	55.5	19,926	69.7	60.9
70	3,610	5%	17,648	61.7	53.9	19,335	67.6	59.1

to appropriately respond to changes as they occur (such as a falling unemployment rate) by increasing recruiter endstrength or the advertising budget.

Finally, it is important to note that we have focused only on projections for worsening recruit quality if resources are cut. The other part of the puzzle is what happens when those resources need to be increased because recruit quality reaches unacceptable levels or perhaps because accession missions are not being met. Although the USMC has not missed accession goals since FY94, this has not been true of the other services. The Army missed in FY05 by almost 8 percent, the Army and Air Force missed in FY99, and the Navy missed its goal by 12 percent in FY98. One of the things learned from these experiences is that, while the time it takes to cut recruiting resources is very short, the time it takes to reinstate recruiting resources can be quite long. For example, to add to the recruiting force, new recruiters must be selected, trained, and assigned, and then must familiarize themselves with the area in which they will recruit. The lack of symmetry in the impact of a cut versus a plus-up in the number of recruiters has been estimated empirically. As noted above, Simon and Warner (2007) found that the detrimental effects from a decrease in the recruiter force are larger in magnitude than the positive effects from an increase.[8] Thus, before decisions are made regarding resource cuts, it is important to consider that, in

8. Curtis J. Simon and John T. Warner. "Managing the All-Volunteer Force in a Time of War." *The Economics of Peace and Security Journal* 2, no. 1, Jan. 2007: 20-29.

addition to decreasing the share of HQ recruits *at present*, the recovery of this quality will be slower, in the *future*, if and when resources are added back.

Conclusion

For every HQ recruit that the USMC replaces with an LQ recruit, there will be consequences, some greater than others. The USMC as an institution will need to weigh these consequences, and the risks it is taking, against the risks and consequences associated with cuts taken elsewhere. We have attempted to quantify these potential risks, particularly via our scenario analysis, which answers the question, "What are the implications of budget cuts in different economic environments?" Specifically, by allowing the unemployment rate to vary (reflecting the economic environment) as well as the number of recruiters and the advertising budget (both reflecting resources), we discover that, under certain combinations of the economic environment and resource cuts, the USMC may be at risk of missing the Commandant's quality standards in FY17.

Cutting MCRC's budget will result in a decline in HQ accessions, which, as we have discussed, will affect the USMC's readiness and combat capabilities via an increase in NJPs, slower promotions, lower rifle marksmanship scores, fewer Marines being recommended and eligible for reenlistment, and lower Proficiency and Conduct marks. There also may be implications for HD/LD and chronically short MOSs, and it likely will be challenging to reverse any cuts made to recruiting. Cuts to the enlistment bonuses and tuition assistance that help attract recruits, and to the headquarters, special duty pay, and family readiness programs that sustain recruiters, result in further risks to recruiting for which MCRC must attempt to compensate. Before determining the size of cuts taken by MCRC, the USMC needs to decide if these are risks it is willing to take. In this report, we have helped to identify the consequences from MCRC resource cuts, to include scenarios in which the cuts being considered could result in missing the CMC's recruit quality standards. The USMC now must decide how these compare with the consequences of reapportioning these cuts elsewhere.

Cover photograph by Lance Corporal Bridget M. Keane

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In the current environment of fiscal austerity and a military drawdown, the Marine Corps, like all the services, is in the midst of determining where it can afford to take budget cuts. At the same time, incoming enlisted recruits are of exceptional quality; 99 percent have high school diplomas and 70 percent are in the upper 50 percentiles of the Armed Forces Qualification Test distribution. (The Commandant of the Marine Corps' (CMC's) standards for these categories are 95 and 63 percent, respectively.) As such, funds spent on recruiting present a potential target for cuts because it appears that the Corps could achieve the CMC's recruit quality standards with fewer resources. However, any cut in recruiting resources—via the advertising budget, the recruiting operations budget, or the number of recruiters—affects force quality. (Higher quality youth are more expensive to recruit.) And different quality recruits have different costs, present different retention challenges, and make different contributions to combat capability. It is therefore important to fully understand the trade-offs and risks associated with recruiting resource cuts of various sizes. In this memorandum, we review previous research on how recruiting costs vary with recruit quality and how differences in recruit quality affect attrition behavior and other performance metrics.

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