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STATEMENT OF
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OF THE UNITED STATES
BEFORE THE
HOUSE ARMED SERVICES SUBCOMMITTEE NO. 2
ON
MILITARY PERSONNEL

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Mr. Chairman and Members of the Subcommittee:

We are pleased to have this opportunity to present this review of some of the problems which may be encountered in meeting military manpower needs under an All-Volunteer Force (AVF).

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We performed our work from January through April 1973 in order to provide current information on questions which you may be reviewing with Department of Defense officials in connection with their proposals to allow the induction authority to expire on June 30, 1973, and to rely entirely on volunteers to man both the Active and the Reserve Forces.

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In order to present our findings more clearly to the Committee, we have prepared a set of charts which are attached to this statement and which I would now like to review.

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BACKGROUND

For almost thirty years the military services have relied upon the draft, except for brief periods, to obtain a portion of their manpower. In fact, Selection Service reports that in the 20th Century there have been 17.7 million men inducted into the Armed Forces.

Since 1969 it has been the policy of the President to achieve a zero draft and to rely on an All-Volunteer Force. The date for achieving this objective was set at July 1, 1973, but by January 1973 the draft stopped and the Secretary of Defense announced on March 21, 1973, that the program had been so successful that renewal of induction authority would not be requested.

This achievement has resulted from: (1) improved pay and benefits enacted in September 1971; (2) improved conditions of service life; (3) offering choices of training and assignment options; (4) payment of bonuses; (5) greatly stepped-up recruiting programs; and (6) a reduction in the military force structure to its lowest level since 1951.

The key question examined by this review is whether in Fiscal year 1974, the first full year of relying totally on volunteers, the military services can obtain a sufficient number of new enlistees and at the same time meet their

qualitative goals--that is, the educational aptitudes required to learn and perform the hundreds of skills found in the military--without the presence of active induction authority.

STATUS OF STANDBY SELECTIVE
SERVICE SYSTEM

It is important to note that the Selective Service System and the Military Selective Service Act do not expire, except for section 17(c) which provides the induction authority. Section 10(h) of the Act specifically provides that the Selective Service System shall remain "an active standby organization". It will perform the functions of registering men, holding an annual lottery, classifying registrants, and maintaining viable procedures and facilities to use in case reinstatement of induction authority becomes necessary. We understand that in meeting this objective, the Selective Service System proposes, in fiscal year 1974, to retain a staff of about 4,350 employees in 925 locations supported by a budget of \$55 million.

THE ALTERNATIVES TO ALLOWING
INDUCTION AUTHORITY TO EXPIRE

At the outset, it may be useful to note that we believe Congress can choose among at least three alternatives to allowing the induction authority to expire:

--One, of course, would be to extend the present system of inducting men into service for a period of one or more years, available for use if needed.

--A second alternative would be extension of induction authority, but under limited conditions. For example--the authority might be granted to the President to invoke inductions should he make a finding that a serious manpower shortage exists (either quantitative or qualitative), or that an emergency has arisen which justifies the use of such authority.

--A third alternative would be to allow the authority to expire, but to provide a plan for rapid reinstatement, such as in the case of Reorganization Act authority. Under this authority the President submits a reorganization plan to Congress, and if it is not rejected by resolution of either House in a specified time period (60 calendar days of continuous session in the case of reorganization plans), the plan then becomes law.

We cite these simply as illustrations of the alternatives which might be considered by the Committee.

MILITARY REQUIREMENTS
FISCAL YEAR 1974--ACTIVE DUTY PERSONNEL

During the next year, it is our understanding that the services will require 354,000 new accessions in order to sustain a force level of 2,220,000 men. The new accessions would be distributed: 162,000 to Army; 75,000 to Navy; 65,000 to Air Force; and 52,000 to the Marine Corps.

BUT NUMBERS ALONE
ARE NOT ENOUGH

Each of the military services has established qualitative goals for its new accessions, defined (1) as the percent of

high school graduates which it would like to achieve, and (2) as a limitation on the number of men with below-average mental qualifications (Category IV) which it would like to maintain. In addition, the Army has a goal as to the percent of men in upper mental categories which it would like to obtain. We should stress the fact that these are goals, and not rigid or minimum requirements. Also, these goals are stated by the services themselves and are not validated by OSD. However, we have assumed that each service, in the light of its experience in training men to meet skill requirements, has set goals which would attain an optimum force. In fact, in his April report to the Committee, the Secretary of Defense referred to the fact that the Army has set a target of 70 percent high school graduate enlistments, since this target is numerically equivalent to the national percentage of high school graduates within the non-college male population of military age. This we find to be the most severe quality standard set by the Army.

We, therefore, thought it would be useful to forecast for the Congress how closely each service may come, in fiscal year 1974, to its quality goals.

To refresh your memory, the Army would like 70 percent high school graduates and no more than 20 percent mental group IV

men; the Navy would like 80 percent high school graduates, and no more than 10 percent mental group IV men; the Air Force has no difficulty in achieving any high school graduate ratio it desires, and limits its mental group IV's to 5 percent; the Marine Corps desires 65 percent high school graduates and a limitation of 10 percent mental group IV men.

HOW ARE "TRUE VOLUNTEERS" CALCULATED?

Data for our analysis was obtained from the Research Analysis Corporation (RAC). They maintain up-to-date data on all non-prior service male enlistments obtained from the U.S. Army Recruiting Command. Using this data RAC estimates true volunteers by service and mental category. We used their maximum and minimum estimates of true volunteers which recognize the uncertainties as to how many enlistments were draft motivated and how many were, in fact, true volunteers.

The maximum estimate, for example, counts as true volunteers ■■ draftees who enlisted; all enlistees without lottery numbers, all with high lottery numbers, and a proportion of those with lower lottery numbers. The minimum or most pessimistic estimate differs in that it counts none of the draftees who enlisted, and only 75 percent of enlistees without lottery numbers.

One other item of background information which may be useful are the scores on the Armed Forces Qualification

Test which establish the categories I through V. Men are in category I if they are in the upper seven percent of those taking the test. Men are classed category IV if they have a percentile score between 10 and 30 on the test. As you know, men scoring in the bottom 9 percent, known as category V, are not accepted.

The projections which follow are based on a current 6-month level of true volunteer estimates as reported by the Research Analysis Corporation. As will be noted, changes in methods of recruitment, mental category IV limits, or other incentives could significantly affect these projections.

FORECASTS OF PROBABLE
QUALITY SHORTFALLS
IN FISCAL YEAR 1974

ARMY

The Army could experience a quality shortage ranging from as few as one thousand (which would, of course, be virtually no shortage) to as many as 58,000 during the next fiscal year, out of its required accessions of 162,000. This range of shortfall depends on which of the service quality goals is applied. The most severe goal would be to achieve 70 percent high school graduates. Here it is projected that the Army could obtain about 104,000 true

volunteers, leaving a shortfall of 58,000. The next most difficult Army quality goal is to enlist 60 percent in mental categories I, II, and IIIA. Here it is estimated that Army could obtain about 129,000, leaving a shortfall of 33,000. If the only criterion is the mental category IV limitation of 20 percent, the quality shortfall ranges from as high as 26,000 down to 1,000.

The conclusion of these forecasts is that the Army will probably accept more men who do not have high school diplomas than their goal; and that probably more than 20 percent of new accessions will be in mental category IV. In fact, it might be necessary to accept between 21 and 33 percent in mental category IV.

The next chart shows for the past three years the percent of maximum true volunteers who were high school graduates, in comparison to Army's goal of 70 percent. In only one month (February 1973) did the percent reach 70. During this month the Army gave its recruiters a quota. While the percentage was achieved, the number of accessions fell short of the February requirement by more than 2,000. In other months the percentage has averaged less than 50. The question is whether this shortfall against Army's quality goal is significant. We cannot answer that question, and

urge that the Army and the other services endeavor to set minimum standards so that better judgments can be made.

MARINE CORPS

In the Marine Corps the shortfall under its quality goals could range from 10,000 to 20,000. Instead of reaching a 10 percent mental category IV limitation, the Marine Corps may need to accept between 28 and 39 percent mental category IV.

As in the Army, the greatest shortfall would occur if a 65 percent high school graduate ratio were a firm requirement. A review of the three-year chart on Marine Corps true volunteers (maximum) with high school diplomas shows that in no month in the last 38 months was even a 50 percent level reached. Hence, a large shortfall against this quality goal is indicated.

NAVY

The Navy might experience a shortage of 5,000 to 9,000 against their quality goals, but there is a possibility that Navy may be able to achieve its mental category IV goal of 10 percent.

Navy's high school graduate goal has been set at 80 percent. The Navy has achieved an 80 percent rate with true volunteers only once in the past 38 months. That was

in mid-1971 when the number of true volunteers fell to a low point. This inverse correlation between number of high school graduates and the number of true volunteers joining the services occurs in both Army and Navy.

Finally, the forecasts show that Air Force will have no difficulty in achieving its quality goals.

OVERALL QUALITY SHORTFALL

In summary, the most pessimistic forecast supports a shortfall of 83,000 in the desired number of high school graduates; whereas the most optimistic forecast is the need to accept about 11,000 more category IV personnel than desired.

Defense Department officials reviewed our projections.

They made these comments:

- Today's forces are substantially richer in quality than during the period of heavy draft use.
- Military service quality standards are considered unrealistically high.
- Performance standards will not be lowered due to the inability to recruit the quality needed.

SPECIAL PROBLEMS LIKELY TO OCCUR UNDER THE ALL- VOLUNTEER FORCE ENVIRONMENT

We noted four problems areas which are summarized below. These are (1) filling school seats for technical occupations, (2) skill imbalances, (3) combat arms enlistments, and (4) the physician shortage.

FILLING SCHOOL SEATS FOR
TECHNICAL OCCUPATIONS

This is one of the more difficult problems. Studies show that true volunteers have tended to have less education and lower scores on the Armed Forces Qualification Test than draft-motivated volunteers.

We noted that during fiscal year 1973 a number of school seats remained vacant in Navy and Marine Corps, and that the Army relied on draftees to fill its seats.

The problem is one both of obtaining the educational and mental levels desired for the schools concerned; at the same time finding men who prefer the school; and making both of these things happen at the time a school session begins. Making all three of these factors synchronize in the All-Volunteer environment is, of course, difficult. DOD believes that the enlistment bonuses being proposed will provide more assurance that the supply of quality volunteers will meet service school needs. DOD plans to use the bonus not only to attract people to shortage skills, but also to lengthen the enlistment term.

By way of illustrating some of the problems which have occurred in the past, we noted that last Fall, the Army, in seeking to fill its quota for teletype operator training was

able to get only 13 percent of the students needed by direct recruitment.

Last Summer the Navy, in its entry-level schools, was able to maintain only about 63 percent of the desired student group.

The Marine Corps basic electronics course, this year to date, has been far short of the desired requirement.

SKILL IMBALANCES

Shortfalls in properly-qualified accessions contribute to imbalances in manning the numerous skills required, especially in the Army and Marine Corps. As of June 30, 1972, the Army required 463 enlisted skills; 121 of these were undermanned by more than 20 percent, whereas 126 were overmanned by more than 20 percent. This means that over half of the Army's skills were either over-or undermanned to a significant degree.

The same condition existed in the Marine Corps where 18 percent of the skills were overmanned and 37 percent undermanned as of June 30, 1972.

These imbalances reflect problems both of obtaining and retaining a sufficient number of personnel to meet career manning objectives.

The proposed Selective Reenlistment Bonus appears to be an important tool for managing retention programs and obtaining, therefore, a better balance in skill manning. By eliminating the requirement to pay a reenlistment bonus to all the enlistees regardless of the manning level of their skill, it would be possible to concentrate bonuses into those skill areas requiring the inducement of the bonus. Furthermore, the bonus computation will be based on the period of additional obligated service only.

COMBAT ARMS BONUS

The Army is requesting an extension of the Combat Arms Bonus. DOD estimates that a 20 percent shortfall (7,000 fewer enlistees than needed) would occur without the availability of the bonus. Moreover, the bonus appears to be cost-effective based on DOD projections that the annual enlistment requirement will be reduced by 5,700 from fiscal year 1975 onward, and by 9,400 by fiscal year 1979.

THE PHYSICIAN SHORTAGE

This has been widely discussed, and we have little to add as to an understanding of the problem. We note that two-thirds of those who have served in the past have done so because of the doctor draft, and have joined while in medical training to avoid being drafted. OSD believes that

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the new Health Scholarship Plan, plus the proposed Medical Special Pay and Variable Incentive Pay programs will be effective solutions to future shortages. Without the incentive pay, OSD forecasts shortages beginning fiscal year 1975, and perhaps sooner.

We would like to call attention to that section of our report which cites ^{VARIOUS} ~~varous~~ alternatives for reducing the medical professional shortage, based on studies by HEW, DOD, as well as GAO's observations. These include reducing length of patient stay; reducing use of professionals in administrative and nonprofessional positions; greater use of civilian facilities and contract health professionals. We have not attempted to assess the plans for acting on these various alternatives, but wish to underscore them as apparently productive ways of coping with the problem.

ALTERNATIVES FOR MEETING ACTIVE
DUTY MILITARY REQUIREMENTS

As of December 1972, for each 100 servicemen there were 47 DOD civilians and 2 women in uniform.

There is a plan to double the number of women in uniform, from about 2 to over 4 percent of military strength. This would add over 50,000 women in uniform to the force structure, compared to fiscal year 1972, and is commendable progress.

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On the other hand, it should be noted that the supply of females with high school graduate status, who can pass the physical examination, is estimated to be 433,000 new entrants into the labor force each year. Compared to this availability, the planned accession rate of 30,260 in fiscal year 1974 is modest.

Another often discussed and long pursued alternative is the conversion of more spaces from military to civilian manning. The current year goal we understand to be 31,000--against a theoretical potential reported by a DOD task force of about 103,000. We note that OSD plans to track progress here very closely, including validation of the true economy which arises from the conversion from military to civilian manning. OSD also acknowledges that greater use of contract services in the force structure appears feasible. The experience in Vietnam would probably suggest that the potential here may be significant.

Another technique which has not been fully used in the past is known as "lateral entry." This is a program under which men and women who have acquired advanced skills in civilian life are brought into service in upper enlisted grades. We understand that the Army has made use of this

technique and will expand it. The Navy established new programs in December; the Air Force is planning to test the program; but the Marine Corps has not yet made use of this technique.

PROBLEMS OF MEETING
RESERVE COMPONENT NEEDS

During his appearance before the House Armed Services Committee on April 10, Secretary Richardson stated:

"The Guard and Reserves are now relied upon as the initial and primary augmentation for the Active Forces in situations requiring the expansion of the General Purpose Forces."

Data furnished us by DOD indicates that the manning level will decline from about 914,000 this June 30, to about 875,000 by June 30, 1974. This will be about 97,000 below the so-called "effective mobilization manning objective" level as of June 30, 1974; and about 37,000 below the fiscal year 1974 average strength contained in the President's budget. Hence the shortfall ranges between about 4 and 10 percent.

In addition, we have noted other problems of imbalance which are emerging because of the inability to obtain an adequate number of non-prior service personnel. When there was a plentiful supply of draft-motivated enlistees, the

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lower grades were overmanned and the upper grades were undermanned due to the limited number of reenlistments.

This situation now appears to be reversing, with an insufficient number of non-prior service enlistees, and a plentiful supply of prior-service men. Thus the upper grades may be filling up, with vacancies occurring in the lower grades.

The DOD proposal to cope with problems of both supply and grade distribution is to authorize bonuses for enlistments and reenlistments of six years. We have not examined this area to see whether other forms of recruitment, or other types of inducement with lower costs, might be considered.

Some of the questions we believe should be considered in respect to the Reserve structure are:

- What should be the required size and structure of the Reserve components to support the active forces?
- Should there be consistent standards covering enlistment in the Reserve components and the Active Forces?
- What is the best feasible means of insuring a uniformly high state of readiness and training of reserve components?
- What kinds of information and feedback are needed to measure performance?
- What size and use of bonuses and other benefits are necessary to enlist and retain adequate numbers of Reserve personnel?

COST OF THE ALL-VOLUNTEER FORCE

One of our objectives in conducting this review was to determine the present costs of the AVF. DOD has identified, in its budget, the amounts which it directly attributes to Project Volunteer. For fiscal year 1974, it is \$3.192 billion, including \$225 million for proposals in the Uniformed Services Special Pay Act.

We examined other costs which are related to improving conditions of service life--those costs labeled as Army "soldier-oriented" improvements--and made an estimate as to the fraction of this total which might be attributed to the All-Volunteer Force objective. We estimate these may be as much as \$1.09 billion. Hence the overall cost in the DOD budget for fiscal year 1974 for attaining the AVF objective is on the order of \$4.3 billion for an active force of 2.2 million.

SOME KEY QUESTIONS FOR
REVIEW BY THE CONGRESS WITH
THE DEPARTMENT OF DEFENSE

We would like to stress, in concluding this review, that our objective has been to raise questions for consideration, rather than to draw conclusions. Certainly there are now in being compensation and incentive plans, and recruitment programs, which have proved their success in obtaining the

numbers of people which the services will require at today's force levels. Further, there are many alternatives which are being used--but which have still greater potential--for reducing the number of male volunteers required. Hence, sustaining a 2.2 million Active Force level in the near-term does not appear to be an insurmountable problem. On the other hand, many unanswered questions and uncertainties remain as to how successful the services will be in the long run in attracting the number of qualified enlistees desired, in the absence of draft pressure.

We think that there are at least six principal questions or issues which this Committee may wish to pursue:

1. The most difficult and far-reaching question is: "What are realistic minimum quality standards for each service, both for Active and Reserve Forces?" This is perhaps the single, most important question identified in our brief study.
2. What is the probable force level of minimum quality that can be supported without use of the draft--under various economic conditions? If unemployment rates for young men decrease, will this make it more difficult to attract qualified personnel?
3. Should some form of standby induction authority be enacted
 - to save time in the event of an emergency
 - to provide a means of meeting serious shortages in peacetime?

4. Will some type of draft be required if unacceptable deficits in the physician supply occur after fiscal year 1974?
5. Will some form of draft be required if deficits in the Reserve components cannot be overcome?
6. Should the Special Pay Act be passed now to determine whether these proposals will overcome the above problems?

We will now be pleased to answer the Committee's questions.