

IMPROVEMENTS IN FORCE MANNING
UNDER ALTERNATIVE PAY RAISE PROPOSALS

Special Study

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The Congress of the United States
Congressional Budget Office

CBO has estimated the impact on enlisted recruiting and career retention of a graduated pay raise targeted on senior personnel, which has been proposed by the Senate Armed Services Subcommittee on Manpower and Personnel, and the 14.3 percent across-the-board increase proposed by the House Armed Services Committee. To provide additional perspective, the impacts of these alternative proposals are compared with a baseline case (a 9.1 percent across-the-board pay increase). These estimates are based on several key assumptions:

- o Future military pay increases (fiscal years 1983-1986) keep pace with civilian pay raises for comparable age and skill groups; and
- o The policies governing eligibility for enlistment and reenlistment remain similar to today's standards over the period.

Quality of Recruits

The scarce supply of recruits holding high school diplomas has been the single most important limitation faced by the services--particularly the Army. Table 1 presents CBO's estimates of the impact of the alternative pay proposals on recruiting, expressed as the percentage of male recruits holding high school diplomas who would volunteer for military service. In making these projections, CBO has assumed that both the services' numerical recruiting goals and the limits on mental category IV recruits are met. In addition, the estimates are based upon CBO's current projections of youth unemployment levels over the forecast period, which range from 18.3 percent in fiscal year 1982 to 17.0 percent in fiscal year 1986. Should the labor market for 17- to 19-year-old males change, these quality estimates would, of course, be affected.

The Army will experience the most serious problems in recruiting high school graduates. Table 2 presents CBO's estimates of recruiting results over the five-year period.

Under both the across-the-board and targeted pay raise proposals, the Army would have a good chance of meeting the 65 percent high school graduate target in fiscal year 1982. But the tightening of test-score constraints in 1983, coupled with the

TABLE 1. PERCENT OF MALE NON-PRIOR-SERVICE RECRUITS HOLDING HIGH SCHOOL DIPLOMAS, FISCAL YEARS 1982-1986 (All Services)

	1982	1983	1984	1985	1986
Baseline	68	70	68	63	63
House Committee	73	76	74	70	70
Senate Subcommittee	71	73	72	67	67

TABLE 2. PERCENT OF ARMY MALE NON-PRIOR-SERVICE RECRUITS HOLDING HIGH SCHOOL DIPLOMAS, FISCAL YEARS 1982-1986

	1982	1983	1984	1985	1986
Baseline	60	54	56	55	53
House Committee	65	59	61	60	58
Senate Subcommittee	64	58	60	59	58

declining number of youths, would reduce the percentage of male non-prior-service Army recruits holding high school diplomas to between 58 and 60 percent in fiscal years 1983 to 1986.

The estimates for both pay proposals also include the effect of higher enlistment bonus payments. This authority is increased from \$57 million in fiscal year 1981 to \$89 million in fiscal year 1982 and is continued at this real level thereafter. The estimates do not reflect differences between the Senate and House versions in the maximum bonus or the minimum enlistment term required to earn the bonus.

Career Force Retention

Table 3 shows the estimated career force size--defined as enlisted personnel with more than four years of service--under each pay option. The Senate Subcommittee bill targets the most dollars on career grades E-5 through E-9; thus, it would increase the size of the career force more rapidly than the House Committee alternative. Army and Navy career force levels would increase by about 25 percent between fiscal years 1982 and 1986. Although the Navy has argued strongly for career force increases, this growth may not be as desirable in the Army, which has experienced a rapid growth in careerists over the last five years. If, however, the Army chose to be more selective in accepting reenlistees (so as to limit the career force to its current size), a higher-quality career force would result.

TABLE 3. NUMBER OF CAREERISTS WITH FOUR OR MORE YEARS OF ACTIVE-DUTY SERVICE, FISCAL YEARS 1982-1986 (All services, in thousands)

	1982	1983	1984	1985	1986
Baseline	777	793	821	842	860
House Committee	787	813	851	882	905
Senate Subcommittee	791	822	864	899	924

The Marine Corps could realize up to a 40 percent increase in careerists by raising its career force level to 70,000. The Marine Corps has, however, historically not permitted its career force to grow beyond 50,000 members, about the size of the current force.

The Air Force career force would experience the least growth, rising by only about 9 percent. This relatively slow growth is due in part to current Air Force promotion policies that require longer service in grades E-4 and E-5 than the other

services require. Consequently, the Senate Subcommittee bill, which would grant higher raises to senior personnel, would provide less pay growth in the Air Force compared to the other services.

Table 4 presents CBO's estimate of career force strength in each of the services under the alternative pay raise proposals.

TABLE 4. CAREER FORCE STRENGTHS a/, FISCAL YEARS 1981-1986 (In thousands)

	1981	1982	1983	1984	1985	1986
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Baseline						
Army	284.0	291.0	299.8	314.6	319.5	326.0
Navy	202.3	208.8	213.2	219.4	227.1	232.6
Air Force	227.2	224.7	224.5	227.9	233.8	239.2
Marine Corps	<u>49.8</u>	<u>52.6</u>	<u>55.2</u>	<u>58.6</u>	<u>61.3</u>	<u>62.6</u>
Total	763.3	777.1	792.7	820.5	841.7	860.4
House						
Committee						
Army	284.0	294.4	307.5	326.6	335.1	343.3
Navy	202.2	211.3	218.2	227.0	237.3	244.0
Air Force	227.3	227.2	229.2	234.7	242.9	249.5
Marine Corps	<u>49.9</u>	<u>53.8</u>	<u>57.7</u>	<u>62.5</u>	<u>66.4</u>	<u>68.2</u>
Total	763.4	786.7	812.6	850.8	881.7	905.0
Senate						
Subcommittee						
Army	284.0	297.4	313.7	335.4	346.0	355.0
Navy	202.2	212.4	220.6	230.7	242.3	249.8
Air Force	227.3	226.8	228.3	233.3	241.0	247.3
Marine Corps	<u>49.9</u>	<u>54.5</u>	<u>59.2</u>	<u>64.9</u>	<u>69.6</u>	<u>71.9</u>
Total	763.4	791.1	821.8	864.3	898.9	924.0

a/ Career personnel are defined as those with more than four years of active-duty service.