

DOCUMENT RESUME

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Defense's Response to the Issues in the Defense Manpower Commission Report. FPCD-78-51; B-194980. July 28, 1978. 4 pp. + 4 appendices (44 pp.).

Report to Sen. Lloyd Bentsen; Sen. Howard H. Baker, Jr.; by Elmer B. Staats, Comptroller General.

Issue Area: Personnel Management and Compensation (300);
Personnel Management and Compensation: All Volunteer Force Needs (303).

Contact: Federal Personnel and Compensation Div.

Budget Function: National Defense: Department of Defense - Military (except procurement & contracts) (051).

Organization Concerned: Department of Defense; Department of the Air Force; Department of the Army; Department of the Navy; Defense Manpower Commission.

Congressional Relevance: House Committee on Armed Services; Senate Committee on Armed Services. Sen. Lloyd Bentsen; Sen. Howard H. Baker, Jr.

Authority: P.L. 94-502. P.L. 94-419. 10 U.S.C. 6015. H. Rept. 95-1118. OMB Circular A-76.

A previous GAO report which evaluated the Department of Defense's (DOD's) positions on issues contained in the Defense Manpower Commission report concluded that DOD's response to the Manpower Commission report lacked specific detail. In responding to GAO recommendations, DOD stated that it agreed with the recommendations and was taking action on them. The House Committee on Appropriations also required DOD to report on recommendations made in the Manpower Commission report.

Findings/Conclusions: In its report to the President and the Congress, DOD concluded that the Commission focused on the major staffing issues facing DOD and that results of the Commission efforts have had considerable effect on DOD. DOD responded to each of the 281 Commission recommendations, observations, and conclusions; it stated that it had accomplished 52, agreed with 105, agreed in part with 43, disagreed with 67, and was studying 14. It disagreed with the Commission on issues primarily in the areas of its manpower management, officer career management, and military compensation matters. Of the 14 conclusions and recommendations under study, 7 are in the area of military compensation. In its final responses, DOD deferred taking a position on six of the seven issues until the President's Commission on Military Compensation issued its report. The remaining seven issues under study are in the areas of manpower requirements, recruiting, development, utilization and the future of the all volunteer force. DOD provided GAO with more detailed information on Commission statements with which it agreed, agreed in part, or had under study. DOD met the requirements of the House Committee and the GAO recommendations. (Author/HTW)

7155

REPORT BY THE

Comptroller General

OF THE UNITED STATES

Defense's Response To The Issues In The Defense Manpower Commission Report

The Department of Defense's final response to the Manpower Commission report includes the information recommended by GAO in a May 3, 1977, report and required by the House Appropriations Committee. Defense's previous responses lacked specific detail, showing questionable consideration given to the Commission report. Defense has since given greater attention to the issues.



FPCD-78-51
JULY 28, 1978



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20348

B-184980

To the Honorable Lloyd Bentsen, United States Senate, and to the Honorable Howard H. Baker, Jr., United States Senate

This is our second and final status report on the Department of Defense responses to the Defense Manpower Commission report. The report responds to your request of November 1976.

We believe the Department was generally responsive to its commitments made to the House Government Operations Committee, the Senate Governmental Affairs Committee, the House Appropriations Committee, and the General Accounting Office.

Details of Defense's commitments, the requirements of the House Appropriations Committee, and our analysis of Defense's responses follow.

DEFENSE RESPONSE TO OUR
FIRST STATUS REPORT

We issued our first report, "What Defense Says About Issues in Defense Manpower Commission Report--A Summary," in May 1977. That report evaluated Defense's tentative positions on most of the issues contained in the Manpower Commission report. We concluded that the response lacked specific details showing the degree of consideration given to the Manpower Commission's report. In addition, when Defense agreed on a particular issue, it did not indicate the specific organization responsible for taking action or a time frame for completing any action. Defense stated that no further action was necessary in most cases.

In June 1977 the Principal Deputy Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) formally responded to our report as required by section 236 of the Legislative Reorganization Act of 1970. The response was to our office, the House Committee on Government Operations, and the Senate Committee on Governmental Affairs. In the letter, Defense stated that it agreed with and was taking action on the recommendations in our report. (See app. I.) Defense agreed that it should:

- Decide as soon as possible its position on the Manpower Commission's recommendations, conclusions, and observations.
- Designate organizations to be responsible for correcting problems or making improvements in those areas where it concurs with the Manpower Commission.
- Assign target dates to complete the above actions.
- Provide more explicit details to support its position when it differs from the Manpower Commission view.

HOUSE COMMITTEE ON APPROPRIATIONS ACTIONS

In June 1977 the House Committee on Appropriations issued a report which accompanied the fiscal year 1978 Defense appropriation bill. The Committee report included a discussion of Defense's review of the Manpower Commission's recommendations. (See app. II.) The Committee report stated:

"To date, there has been little apparent response from the Department or the military services to the recommendations of the [Manpower] Commission. The Department has delayed in providing its views or policies on the DMC report. Specific requests made by the Committee staff on particular DMC recommendation[s] were returned unanswered by the Department. The Department first indicated these issues would be the subject of review by a 'Blue Ribbon Commission.' After resubmission of the request for policy views, the Department provided only brief answers.

"Both of these responses by the Department are unacceptable. The reasons that caused the Congress to create the Defense Manpower Commission still exist: manpower costs continue to rise, retirement reform has been stalled, and other possibly desirable changes proposed by the DMC have been ignored."

The Committee, because of Defense's inaction, required Defense to report to the Congress on every recommendation made in the Manpower Commission report. Defense was required to include:

- An analysis of each recommendation and the reasons that led to it.

- Updated fiscal year 1979 estimates of staffing or costs where the estimates made or served as a basis for a recommendation.
- Draft legislative proposals and, where appropriate, alternative legislative proposals where a change proposed in a Manpower Commission recommendation would require legislation.
- New or revised regulations or draft regulations where a recommendation could be implemented by a change in Defense regulations or directives.

The Deputy Assistant Secretary of Defense (Planning and Requirements) provided us with information which indicated that Defense did not need to provide legislative proposals in its response to the Committee. (See app. III.) Also, a Committee staff member stated that some of the legislative and directive proposals had been provided at various congressional hearings.

OUR ANALYSIS OF DEFENSE'S FINAL RESPONSES

We evaluated each Defense response to determine whether it fulfilled the recommendations set forth in our first report and the requirements imposed by the House Committee on Appropriations.

In its report to the President and the Congress, Defense concluded that the Manpower Commission focused on the major staffing issues facing Defense and that the results of the Manpower Commission efforts have had considerable effect on Defense.

Defense responded to each of the 281 Manpower Commission recommendations, observations, and conclusions. Of the 281 responses, it stated that it had accomplished 52 (19 percent), agreed with 105 (37 percent), agreed in part with 43 (15 percent), disagreed with 67 (24 percent), and was studying 14 (5 percent).

Defense disagreed with the Manpower Commission on issues primarily in the areas of its manpower management, officer career management, and military compensation matters.

Of the 14 Manpower Commission conclusions and recommendations that Defense stated are under study, 7 are in the area of military compensation. In its final responses,

Defense deferred taking a position on six of the seven issues until the President's Commission on Military Compensation issued its report. To date we have not received a final position on these matters. Regarding these seven issues, Defense previously had said that it concurred with two issues, disagreed with one, and had not responded or was awaiting the results of studies on four issues.

The remaining seven issues under study are in the areas of manpower requirements, recruiting, development, utilization, and the future of the All Volunteer Force, specifically, mobilization procedures and Individual Ready Reserve requirements and strengths.

In addition to the formal response to the Congress, the Defense Department provided us with more detailed information on those Commission statements with which it agreed, agreed in part, or had under study and required follow-on action. For each of these statements, Defense provided a status report showing the specific organizations responsible for correcting problems or making improvements and the target dates for planned action. (See app. IV.)

In reviewing Defense's formal responses and the status report, we found that, basically, Defense met the requirements of the House Appropriations Committee report and the recommendations in our first report.

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As agreed with your offices, this report fulfills your request for information on Defense responses to the Defense Manpower Commission report. In the normal course of our work, we will concentrate on specific issues and will forward copies of future reports to you as they become available

As arranged with your offices, we are sending copies of this letter report to other interested parties.



Comptroller General
of the United States



ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

MANPOWER, ~~RESERVE~~
RESERVE AFFAIRS
AND LOGISTICS

27 JUN 1977

Honorable Elmer B. Staats
Comptroller General of the
United States
Washington, D.C. 20548

Dear Mr. Staats:

This is in reply to your May 3, 1977 letter to the Secretary of Defense regarding the GAO Report, "What Defense Says About Issues in Defense Manpower Commission Report -- A Summary" (FPCD-77-40; OSD Case #4614). GAO's report recommends that the Secretary of Defense:

- Decide as soon as possible the Department's positions on the Commission's recommendations, conclusions, and observations.
- Designate organizations to be responsible for correcting problems or making improvements in those areas where the Department concurs with the Commission.
- Assign target dates to complete the above actions.
- Provide more explicit details to support the Department's position when it differs from the Commission's view.

The Department of Defense is accomplishing the tasks recommended in the GAO Report. Your staff will be informed when the next update of the Department's position paper on the Defense Manpower Commission Report is available.

ROBERT B. PIRIE, JR.
Principal Deputy Assistant Secretary
of Defense (MRA&L)



95TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
 1st Session } { No. 95-451

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1978

JUNE 21, 1977.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MAHON, from the Committee on Appropriations,
 submitted the following

REPORT

together with

SEPARATE AND ADDITIONAL VIEWS

[To accompany H.R. 7933]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for the Department of Defense, and for other purposes, for the fiscal year ending September 30, 1978.

APPROPRIATIONS AND ESTIMATES

Appropriations for most military functions of the Department of Defense are provided for in the accompanying bill for the fiscal year 1978. This bill does not provide for military assistance, military construction, military family housing, or civil defense, which requirements are considered in connection with other appropriation bills.

The new budget (obligational) authority enacted for the fiscal year 1977, the President's budget estimates, as amended (House Documents Nos. 95-93, 95-137, 95-145, and 95-161), and amounts recommended by the Committee for the fiscal year 1978 appear in summary form in the following table beginning on page 2:

This year's request for military end strength is essentially the same as last year's. The Committee addresses itself primarily to man-years as the basis for calculating manpower costs. The end strength is of little concern to the Committee except as it affects the computation of man-years.

Relatively minor adjustments are recommended in the Active Forces man-years to be funded in this bill. Each relates to a specific recommended action discussed in other sections of this report. The total change in man-years is reflected in Table 3 below. The Reserve Forces average strength levels are the selected reserve only. A total increase in selected reserve strength of 24,568 is recommended in this bill and funding is provided for that level.

These strength levels take into consideration the conference agreement on authorization that reduced active strengths by 3,900 and increased the Navy Reserve by 35,000.

TABLE 3.—SUMMARY OF RECOMMENDED MILITARY STRENGTHS, FISCAL YEAR 1978

	Request		Recommended	
	End strength	Man-years	Man-years	Change in man-years
Active Forces:				
Army.....	769,000	782,000	779,000	-3,000
Navy.....	535,000	537,779	536,822	-857
Marine Corps.....	192,000	182,296	182,096	-200
Air Force.....	572,000	572,790	571,500	-1,290
Subtotal, Active Forces.....	2,068,000	2,084,775	2,079,418	-5,357
Reserve Forces:				
Army Reserve.....	219,000	211,300	207,187	-4,113
Navy Reserve.....	52,000	52,000	87,000	+35,000
Marine Corps Reserve.....	32,400	32,400	32,315	-85
Air Force Reserve.....	82,000	81,100	49,492	-32,608
Army National Guard.....	380,000	382,000	379,375	-2,625
Air National Guard.....	83,000	82,500	80,450	-2,050
Subtotal, Reserve Forces.....	838,400	821,300	835,869	+24,568

GENERAL ISSUES

This section discusses issues of a general nature or those which affect more than one of the services. Included here also is policy guidance and Committee recommendations requiring Departmental action. Specific reductions in service requests that are discussed here are reflected in the list under each service summary.

DEPARTMENT OF DEFENSE REVIEW OF DEFENSE MANPOWER COMMISSION RECOMMENDATIONS

The Congress created the Defense Manpower Commission (DMC) in 1973 to examine the increasing costs of military manpower and identify ways to reduce manpower costs and improve management and effectiveness of this resource. The Commission was composed of highly competent and dedicated individuals who pursued this congressional mandate. A professional staff of high caliber was assembled. Two years of extensive work produced a detailed and extremely valuable Commission report that identified numerous problems and deficiencies in defense manpower management and further identified necessary policy changes, some requiring legislative change, others subject to executive decision processes.

The Report of the Commission was made more than a year ago, in April, 1976. To date, there has been little apparent response from the

Department or the military services to the recommendations of the Commission. The Department has delayed in providing its views or policies on the DMC report. Specific requests made by the Committee staff on particular DMC recommendation were returned unanswered by the Department. The Department first indicated these issues would be the subject of review by a "Blue Ribbon Commission". After resubmission of the request for policy views, the Department provided only brief answers.

Both of these responses by the Department are unacceptable. The reasons that caused the Congress to create the Defense Manpower Commission still exist: manpower costs continue to rise, retirement reform has been stalled, and other possibly desirable changes proposed by the DMC have been ignored.

The Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) is responsible to the Secretary of Defense and the Department for formulation of policy views and recommendations. To do this, the Assistant Secretary has a staff of 119 civilians and 44 military devoted to manpower and reserve affairs. Of these 119 civilians, 42 of them are at GS-15 or above; this is 35% of the total. The failure of this office to present policy views on behalf of the Department to the Congress in a timely fashion and in a useful format is difficult to understand. The disregard the Department has shown for the efforts of this congressionally-created Commission is also disturbing.

Because of this inaction on the part of the Department, the Committee is compelled to require a report to the Congress on each and every recommendation made in the Defense Manpower Commission Report. Such report shall include, but not be limited to, the following information:

- (1) An analysis of each recommendation and the reasons that led to it.
- (2) Where estimates of manpower or costs were made or served as a basis for a recommendation, those strengths or costs shall be updated to fiscal year 1979 costs.
- (3) Where a change proposed in a DMC recommendation would require legislation, a draft legislative proposal, and where appropriate, alternative legislative proposals shall be included. Draft legislation will be included even when the Department does not agree with the DMC recommendation.
- (4) Where a recommendation can be implemented by a change in DOD regulations or directives, such new or revised regulations or draft regulations shall be included.

DEPARTMENT PLANNING FOR USE OF CIVILIAN EMPLOYEES WHO ARE MEMBERS OF THE RESERVES DURING MOBILIZATION AND WARTIME

There are about 148,000 members of the reserves who are also civilian employees of the Federal Government. Of these, 108,419 are in the Selected Reserve. Almost 98,000 are employed in the Department of Defense and 60,000 of those are civilian technicians who mobilize when called up with the reserve unit they are employed by. Table 4 shows the total number of federal civil servants who are members of reserve components.



ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

1 0 200 1977

MANPOWER, ~~XXX~~
RESERVE AFFAIRS
and Logistics

MEMORANDUM FOR The Record

SUBJECT: House Appropriations Committee Report on Defense
Manpower Commission (DMC)

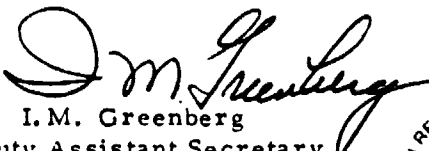
Attached is an extract from the HAC Report on the FY 1978 DoD Appropriations Bill which directs DoD to submit to Congress our positions on the DMC recommendations.

I met with Don Smith, a staff member of the House Appropriations Committee to discuss the format of the information requested by HAC. The meeting was also attended by Mr. Grady Lose of OASD (Comptroller).


I showed Mr. Smith the format of the draft position papers developed by OASD (MRA&L). Mr. Smith agreed to the following:

1. The format used by OSD was acceptable, with only one modification. Whenever the DMC report cited manpower and dollar impacts in support of their recommendations, the DoD position papers should update these estimates to FY 1978 costs.
2. We are relieved of the requirement stated in the HAC Report to submit proposed legislation to implement the DMC recommendations.

The HAC Report does not provide a due date for submission of the DoD position papers. I estimated that we would submit a report by December 31, 1977. This date was agreeable to Mr. Smith.


I. M. Greenberg
Deputy Assistant Secretary
(Planning & Requirements)



Copy for
Mr. Lose
Col. Simpson 
Col. Tilson



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D. C. 20301

MANPOWER
RESERVE AFFAIRS
AND LOGISTICS
(Program Management)

June 9, 1978

MEMORANDUM FOR MR. AL SHANEFELTER

SUBJECT: Status of DoD Responses to DMC

You requested a status report of those DoD responses to the DMC which required further action. The status report is attached.

Enclosure

Jeanne B. Fites
Acting Director
Intergovernmental Affairs

STATUS OF DOD FOLLOW-ON ACTIONS OF THE RESPONSE TO THE
DEFENSE MANPOWER COMMISSION

Follow-on action to the DoD responses may be required when DoD agreed, agreed in part, or the response indicated the statement was under study. Conversely, no follow-on action was required of the responses which had been accomplished or where DoD disagreed with the DMC position.

For continuity, the status of follow-on actions is presented in the same format as the DoD response to the DMC report, dated January 1978.

Chapter I: National Defense in Perspective

No specific follow-on action was required within this Chapter.

Chapter II: Leadership and Human Relations Within the DoD

No specific follow-on action was required within this Chapter.

Chapter III: Managing Defense Manpower

No specific follow-on action was required within this Chapter.

Chapter IV: The Total Force and Its Manpower Requirements**Page 98, C18: Coordinated Management of Civilians and Contractors**

DMC Statement: The Defense Department has not achieved truly coordinated management and utilization of civilians and contractors.

DoD Response: Agree. Substantial improvements are possible in DoD's utilization of contractor services. However, potential cost savings must be examined in the context of degradation in military operations and readiness. See R28.

DoD Status: The establishment of the Office of the Assistant Secretary of Defense (MRA&L) consolidated the management of civilian manpower and contracting; these functions were previously under separate Assistant Secretaries. The management of civilian manpower and contracting for commercial or industrial activities is now fully coordinated at the DoD level.

Page 107, O10: Army Reserve Component Affiliation Program

DMC Statement: The Army's concept of affiliating Selected Reserve units with active Army units, within the capacity of the latter to fulfill such a role, is an essentially sound means of improving the training and readiness of the affiliated Reserve Component units, and the program should be supported.

DoD Response: Agree. The Army is increasing the total number of roundout/affiliated maneuver battalions to 97 in FY 1978. Further expansion and inclusion of smaller company and detachment size support units is being considered.

DoD Status: In addition to the above roundout/affiliated maneuver battalions scheduled for FY 1978, the Army will also add 70 early deploying company and detachment sized combat support and combat service support units to the affiliated program for FY 1978.

Pages 124-125, C32: Expansion of Air Force Reserve Associate Program

DMC Statement: The Air Force Associate Program should be expanded to include other missions. It would be possible to associate reservists directly with active duty tactical fighter or reconnaissance squadrons to provide a portion of the wartime surge capability that is required. The tactical Air Command could thereby reduce its requirements for increased active force manning.

DoD Response: Under Study. The Air Force is testing the feasibility of associating individual reservists with active tactical squadrons. The test began in October 1976 and will continue for two years. Until the test is completed and the results are evaluated, it will not be possible to determine the impact on requirements for active force manning.

DoD Status: The test is being conducted in three phases; the first of which, an evaluation of recruiting and training, was completed 30 September 1977. The second phase will evaluate force integrations, while the third phase will evaluate enhanced combat capability. Since the test environment, conditions and specific objectives for the first two phases are the same, final conclusions concerning the recruiting and training phase cannot be reported until the end of the force integration phase. The test will conclude 30 September 1978, with a report of findings due to Chief of Staff, Air Force, not later than 30 November 1978.

Page 125, 013: Consolidation of Air Force Reserve Support Functions

DMC Statement: Support functions should be consolidated at facilities with more than one Air Force Reserve Component squadron. Deployment requirements should provide the baseline for military manning requirements in the Reserve Components, as in the active Air Force. Opportunities exist for civilianization and contracting for services in the nondeployed elements, as in the active Air Force.

DoD Response: Agree. Support functions should be consolidated at facilities with more than one Air Force Component squadron, when cost effective and operationally feasible. Wartime deployment requirements provide the baseline for military manning requirements in the Reserve Components, as in the active Air Force. Military personnel are increased above the baseline to provide for peacetime training of the Guard and Reserve. Opportunities exist for civilianization and contracting for services in the nondeployed elements of the Air Reserve Forces. Civilianization can be accomplished by utilizing technicians and eliminating military positions; however, this would not be consistent with the DMC recommendation to militarize the technicians by replacing them with full-time active duty Guardsmen and Reservists. Cost effectiveness and peacetime operational and training feasibility must be assured before such actions are undertaken.

DoD Status: The Air Force is engaged in a study of Air Reserve Force (ARF) support unit manning which will identify areas suitable for consolidation and/or realignment. Ongoing review for contracting candidates has identified a number of ARF training sites which may be suitable for contracting in FY 79.

Pages 125-126, C33: Reduction of Air Force Advisors

DMC Statement: When an Air Force Reserve Component unit is declared operationally ready, C-3 (marginally ready) or better, the requirement for active force advisors can be reduced to one.

DoD Response: Agree in part. The number of active Air Force advisors in Air National Guard and Air Force Reserve units should be reduced when a unit reaches operationally ready status, C-2, provided the units continue to provide a capability to mobilize within 24 hours and deploy within 72 hours.

DoD Status: Air Force advisors have been reduced in Reserve Tactical Air Command (TAC) units. Reduction of air advisors in MAC and ADC units is currently under consideration.

Page 127, C34: Replacement of Guard and Reserve Technicians by Active Duty Reservists

DMC Statement: The objectives of the technician program can be accomplished at substantial savings by ultimately replacing the technicians with full-time active duty Guardsmen and Reservists. The use of Guardsmen and Reservists on active duty would protect the citizen-soldier concept which is basic to this Nation's Guard and Reserve system. Implementation of this change would eliminate dual pay and retirement for what in essence is the same job.

DoD Response: Under study. The DMC recommendations and other ways to provide full-time training and administration for the Selected Reserve are being considered by a special DoD study group.

DoD Status: The study, Full-Time Training and Administration of the Guard and Reserve, is now in coordination within the Department of Defense and will be submitted to Congress.

Pages 127-128, R26: Program for Transition to Active Duty Reservists

DMC Statement: The proposed replacement of the technician by active duty Guardsmen and Reservists should be implemented under a well-conceived program of training, providing the technician the opportunity to convert immediately to an active military status in his unit or to continue in a civilian capacity for a fair and equitable time. The latter provision would be sufficient to cover many persons until normal retirement.

DoD Response: Under study. This recommendation is being examined as a part of the Department of Defense study of the full-time training and administration of the Selected Reserve. This study is a comprehensive analysis and evaluation of all the current systems being used by the Department of Defense to provide day-to-day command, administration, recruiting, equipment maintenance and operation, and instruction and training for the Selected Reserve.

DoD Status: The study, Full-Time Training and Administration of the Guard and Reserve, is now in coordination within the Department of Defense and will be submitted to Congress.

Page 138, R28: Increased Use of Contractors

DMC Statement: Increased contracting for services at the installation level can reduce manpower costs without reducing military capability. Accordingly, the DoD should incorporate private sector manpower into its Total Force policy, and award contracts for installation services when they would yield a satisfactory product at less cost to the Government. This must be qualified, however, in that the Military Services are entitled to provide personnel for their own support services to the extent needed to man deployable support units and to provide for the rotation of personnel from overseas tours and sea duty and to assure quick reaction capability.

DoD Response: Agree. Substantial savings may be obtained by contracting for services after determining the most economical mix between in-house and contractor support for each installation. DoD is taking steps to improve implementation of OMB Circular A-76, "Policies for Acquiring Commercial or Industrial Products and Services for Government Use." Specifically, the DoD is:

(1) Working closely with the Office of Federal Procurement Policy to develop improved standardized techniques and procedures.

(2) Strengthening organizational placement in the Military Departments by establishing focal points in Assistant Secretaries' Offices in the Military Departments and by strengthening the position of the Departmental Steering Group Members.

(3) Arranging for systematic follow-up action, including independent audit of cost studies.

(4) Establishing use of a firm bid by a contractor rather than an estimate.

The above actions put DoD in a substantially better position to implement the objectives of A-76. At the same time, the DoD must consider carefully the impacts of those actions on the military capability and readiness of the Armed Forces.

DoD Status: For FY 1978 Congress temporarily restrained DOD conversions from in-house to contract, and directed the Department and the OMB to conduct a comprehensive review of the in-house versus contract criteria and to evaluate all aspects of OMB Circular A-76. The result of this review is a new balanced and disciplined approach to the complex issue of contracting. Circular A-76 and the implementing DoD directive are being revised to clarify the policy, strengthen controls and review procedures, and to protect the welfare of current Federal employees. The Department believes that the private sector should be relied on when it will save taxpayers' money; a continued Congressional moratorium on increased contracting would not be in the Nation's best interest.

Page 144, 014: Headquarters Staffing

DMC Statement: The Commission has given special attention to the requirements for, and utilization of, civilian employees and active duty military personnel in headquarters staffing. It finds that the Department of Defense has been actively pursuing the review of headquarters in all major areas, making reductions of more than 47,000 headquarters personnel in the period FY 1971-76, with more planned in FY 1977. The effort should continue and be supported.

DoD Response: Agree

DoD Status: The Department of Defense has continued to reduce the number of civilian employees and active duty military in headquarters. The FY 1979 manpower program has 3,500 fewer people in Management Headquarters compared to the end FY 1976 strength.

Page 150-151, R34: Manpower Costs

DMC Statement: The Department of Defense, as soon as adequate data are available, should be required annually to gather and report accurate and complete data on costs to the Government of each kind of manpower, considering the total, life-cycle cost of each. The Congress should require the General Accounting Office to review the costing systems and the manpower cost data formulated by the Department of Defense.

DoD Response: Agree. The present state-of-the-art does not allow development of accurate and complete life cycle cost data. However, the Department of Defense is continuing efforts to improve our understanding of the elements of life cycle costs. The Defense Manpower Requirements Report for FY 1977 displayed payroll costs and personnel support costs.

DoD Status: The Defense Manpower Requirements Report continues to contain a special analyses chapter on the costs of DoD manpower. The FY 1977 report included payroll and personnel support costs. Subsequent manpower reports contain expanded analyses in sufficient detail to price the total force (active, reserve, civilian) by component. The data covers accession PCS costs through retirement.

Attempts are made each year to improve the base, analysis and presentation of manpower cost data. These data will continue to be published in the annual Defense Manpower Requirements Report.

Page 151, C37: Civilian Strength

DMC Statement: Civilian employees (including foreign indirect hired) could decrease in successive small increments from the 1,080,500 requested for FY 1976 to about 1.0 million, including foreign indirect hire.

DoD Response: Agree in part. The DoD civilian requirement has been decreasing in successive small increments from the 1,080,500 requested for FY 1976. The request for FY 1977 was 1,036,000 and for FY 1978 it is 1,021,000. Further efficiencies are planned for FY 1979.

However, DoD believes that civilian employment should not be determined on the basis of arbitrary totals but rather on the amount of work to be performed. The Department will look for ways to reduce workloads and to improve civilian productivity. If further efficiencies of this kind can be found, they will be accompanied by further civilian employment reductions.

DoD Status: The request for FY 1979 is 1,007,500.

Page 151, C39: Increased Use of Private Contractors

DMC Statement: There could be a substantial increase on a selective basis as a cost-effective substitute for Federal military and civilian manpower, thus enhancing the Federal manpower savings indicated above.

DoD Response: Agree. Savings are possible through additional use of contract services on a selective basis. However, essential wartime missions must be capable of being accomplished in spite of possible disruption of contract services.

DoD Status: The President's FY 79 Budget reflects anticipated conversion of 6,000 civilian and 3,000 military jobs to less costly contractor operations. These conversions will be accomplished under improved procedures designed to assure that taxpayers' money is saved and the rights of current Federal employees are protected. These conversions and the associated savings are possible only if Congress lifts the current moratorium on increased contracting.

Chapter V: Recruiting the Military for the Total Force**Page 166, C42: Utilization of Women**

DMC Statement: There has been a slight increase in the number of women in the armed forces, but their lack of acceptance by some Service members hampers more efficient utilization and demonstrates the need for a program to enhance acceptance of military women.

DoD Response: Agree. The female enlisted force increased from under 30,000 in June 1971 to about 103,000 in June 1977. A number of specific actions have been taken over the past few years to increase acceptance of the increased role of women in the Armed Forces. For example, beginning this fall, human relations education will include a concentrated block on sexism and its effects. This education is mandatory for all personnel in grades E-4 and above and is designed to increase acceptance of women in all Armed Forces jobs.

A study of utilization of women within the DoD has been completed, which emphasized:

- identification of occupational specialties that realistically can be opened to women, including those requiring legislation,
- adjustment of recruiting practices to make certain that all personnel who desire to enter military service are informed of the specialties for which they qualify,
- development of physical and operational standards for specialties to determine the requirements for effective performance, and
- introduction of realistic hand-on performance into specialty training courses.

DoD plans to double the number of enlisted women in the Services from FY 1977 to FY 1983 and expand the utilization of women in atypical jobs. The Secretary of Defense is leading the way personally by placing females in top Department jobs.

DoD Status: DoD is continuing to implement the findings of the study as referenced above. On 14 February 1978, the DoD submitted a report to Congress which included a definition of combat, recommendations on expanding job classifications to which women may be assigned and recommended changes in law necessary to implement those recommendations. Both the HASC and SASC committee reports on the FY 1979 budget support an expanded role in the utilization of women. However, neither committee recommended a change in the definition of combat.

Page 172, C47: Equal Opportunity Compliance

DMC Statement: The Secretary of Defense should regularly examine the activities of the Services to insure that the foregoing policy is being carried out in both spirit and fact.

DoD Response: Agree. OSD reviews and approves the Affirmative Action Plans (AAP) of the Services. An extensive analysis of military AAPs has been conducted, and recommendations have been made with respect to AAP development, process, content, review mechanisms, and reporting systems. A revised directive and proposal for tracking AAP performance in current and future programs is under consideration. The DoD goal is to assure the application of consistent criteria and evaluative mechanisms to the AAPs rather than to require one uniform AAP throughout DoD.

DoD Status: A revised Directive for tracking AAP performance is in preparation. This Directive is expected to be published by December 1978.

Page 175, R35: Active, National Guard, and Reserve Recruiting

DMC Statement: To the extent possible, the Services should combine their active forces recruiting programs and improve the coordination among active, National Guard and Reserve recruiting.

DoD Response: Agree in part. DoD supports improved coordination among Active, National Guard, and Reserve recruiting programs wherever it proves cost effective and responsive to the individual needs of the component. Coordination in advertising and referrals, and utilization of common facilities is beneficial. However, there are fundamental differences between active recruiting and Reserve Component recruiting. The Army instituted in November 1977 a pilot program for integrated active and reserve recruiting. The results of this pilot program will indicate whether these fundamental differences can be overcome in an integrated recruiting organization.

There are basic differences in the recruiting approach for enlisted personnel, officers, and medical personnel. Therefore, it is desirable to have separate recruiting programs for these categories.

DoD Status: The Army pilot program for integration of active and reserve recruiting has been expanded from the three recruiting areas in November of 1977 to 10 areas in February of 1978. A decision, concerning further expansion, will be made after January 1979.

Page 181, R38: Common Recruiting Cost and Budget Definitions

DMC Statement: The Secretary of Defense should establish cost and budget definitions which are both inclusive and common to all parts of the Total Force recruiting programs.

DoD Response: Agree. Efforts are currently underway in OSD to standardize cost and budget definitions to the extent possible. A DoD instruction is being prepared to meet the needs of OSD and the recommendations of the DMC with respect to standardization of recruiting resource definitions is scheduled to be completed early in 1978.

DoD Status: Draft instruction and format were provided to Service action officers in February 1978. Informal comments have been received and are scheduled to be incorporated in revised draft by 30 June.

Page 181, R39: Common Standards for Recruiting Accession Costs

DMC Statement: Each Service should establish and maintain common active, National Guard and Reserve standards for recruiting accession costs. These Servicewide common standards should be used as guidelines, both in budget preparation and ongoing management activities.

DoD Response: Agree in part. DoD agrees with the recommendation as it pertains to common cost definitions and a common set of standards for measuring recruiting accession costs. However, the differences between active and reserve recruiting are significant enough to preclude common measurements of recruiting efficiency. See R38.

DoD Status: Draft instruction and format were provided to Service action officers in February 1978. Informal comments have been received and are scheduled to be incorporated in revised draft by 30 June.

Page 186, R40: Total Cost of Recruiting Officers and Enlistees

DMC Statement: The Department of Defense (DoD) should identify the total cost in active, National Guard, and Reserve man-years of producing qualified officer and enlisted accessions.

DoD Response: Agree. DoD is developing a new reporting format to identify total costs. See R38.

DoD Status: Draft instruction and format were provided to Service action officers in February 1978. Informal comments have been received and are scheduled to be incorporated in revised draft by 30 June.

Page 191, R48: Standardized Recruiting Resource Budgeting

DMC Statement: Standard budgeting procedures should be adopted for all Total Force components which would group together and identify all advertising, promotions, and other related activities which are used for market communications.

DoD Response: Agree. The Department is developing a new and improved format for the reporting of market communication costs. From this pilot report, a standardized procedure will be developed for budgeting purposes. See R38.

DoD Status: Draft instruction and format were provided to Service action officers in February 1978. Informal comments have been received and are scheduled to be incorporated in revised draft by 30 June.

Page 192, R51: National Guard and Reserve Enlistment Incentives

DMC Statement: New enlistment incentives and options should be considered for the National Guard and Reserve programs with a view toward achieving a higher level and quality of non-prior service accessions. Any such incentives should be justified on a sound analytical basis.

DoD Response: Under study. The quality and quantity of recruits for the Reserve Components is of continuing concern to the Department of Defense. New enlistment incentives and options to enhance Reserve Component attractiveness are being examined. The Conference Report on H.R. 5970 provides authority to test a reenlistment bonus program in the Army Selected Reserve in FY 1978. The DoD is conducting such a test. The test expenditure is not to exceed \$5 million. Any new proposals must be considered in light of Total Force requirements and the impact of the proposals on the manpower programs of both the Active and Reserve Components.

DoD Status: The Reserve Component reenlistment bonus test is well underway. The House Armed Services Committee has proposed permanent legislation to extend the reenlistment bonus program and add an educational assistance program. The Senate Armed Services Committee recommends a one-year extension of both programs. The Reserve Compensation Systems Study will be provided to DoD in June 1978. This study will recommend compensation changes which may include bonus and assistance programs.

Pages 192-193, R53: Educational Assistance Programs

DMC Statement: A Department of Defense-funded educational assistance program should replace the education benefits provided by the GI Bill. The program should be utilized as a recruiting management tool for both the active and reserve forces, with benefits granted only on a selective basis to help meet critical skill needs.

DoD Response: Agree in part. The GI Bill was terminated for new accessions by Public Law 94-502, but this still provides an opportunity for many Service people to meet their educational aspirations. Those with previous eligibility have until 31 December 1989 to use their benefits. Title IV, the Post Vietnam Era Veterans Educational Assistance Act of 1977, will permit those entering service after 31 December 1977 to participate in a cost sharing educational program. There is also a provision in this Act for an additional educational assistance contribution by DoD which may be applied on a selective basis to encourage persons to enter or remain in the Armed Forces. The 1978 DoD Authorization Act provided authority for a test of an educational assistance program for enlisted members of the Selected Reserve. However, no funds were appropriated to conduct such a test in FY 1978 unless obtained by reprogramming. DoD has no current plans to initiate such a test in FY 1978. This authority expires on September 30, 1978 unless extended by the Congress.

DoD Status: DoD is currently testing through the Army the desirability of a DoD contribution to the cost sharing educational program. Currently there is a VA contribution of \$2 for each dollar contributed by the serviceman. Both the House and Senate Armed Services Committees have indicated their approval for an educational assistance program for the Selected Reserve in FY 1979.

Pages 205-206, R63: Selection Tests for Occupational Survival

DMC Statement: The Services should develop selection tests which provide the maximum attainable accuracy in predicting occupational survival rather than training success.

DoD Response: Agree. A selection test that predicts differential survivability by occupational area would be useful. Interest and aptitude measures, demographic variables, and assessment of preservice activities offer the best potential. The Armed Services Vocational Aptitude Battery (ASVAB) Working Group has been given this assignment and will develop a plan of action to review previous work in this area, accelerate current efforts, and evaluate the most promising measures under operational conditions.

DoD Status: Preliminary results are expected to be available by 30 June 1979.

Page 206, R64: Selection of Recruits for Specific Occupations

DMC Statement: The Services should examine the feasibility of expanding their selection test batteries to provide greater accuracy in predicting recruit performance in specific occupations rather than occupational clusters.

DoD Response: Agree. The Services already recruit for many specific occupations and continually seek to improve their predictions of performance in these occupations. The improvements are arrived at by giving different weights to data already in the current battery, and increasing test coverage. The ASVAB Working Group will determine the efficiency of existing measures and will examine the feasibility of expanding selection test battery coverage.

DoD Status: A new test battery is expected to be available for use 1 January 1980.

Page 206, R65: Cost-Analysis of Selection Standards by Military Occupation

DMC Statement: The selection and assignment process for each Service should be systematically evaluated by use of a least-cost analytical method to identify alternatives to the existing selection standards that will sustain manpower demands in each occupation at reduced attrition costs overall.

DoD Response: Agree. Alternatives to existing occupational selection standards will be evaluated to see if reduced attrition costs would result. The ASVAB Working Group has been tasked to perform this evaluation.

DoD Status: Identification of alternatives is expected by 1 January 1979. Preliminary evaluation of alternatives expected 30 June 1979.

Page 206, R66: Evaluation of Service Screening Process

DMC Statement: The efficiency of the Service screening process should be evaluated on a continuing basis to determine how occupational selection standards can be adjusted periodically to accommodate varying conditions of supply and demand.

DoD Response: Agree. The ASVAB Working Group will be tasked to determine the feasibility of adjusting occupational selection standards periodically.

DoD Status: The ASVAB Working Group has taken the first step in this process by initiating studies to determine the feasibility of common aptitude composites for the ASVAB. This will permit determining the comparability of Service aptitude standards for similar occupational groupings.

Page 206, R67: Enlistment Standards

DMC Statement: Enlistment standards should be fixed at the level that will bring the largest possible proportion of the applicant pool under consideration for selection and assignment, basing enlistment decisions instead on relative applicant suitability for specific occupational assignments.

DoD Response: Agree. Adaptability research conducted by the ASVAB Working Group will determine the feasibility of selecting individuals based upon suitability factors.

DoD Status: Adaptability research conducted by the ASVAB Working Group is well underway. The most promising variables for each Service are being combined in a single instrument for an operational test.

Pages 206-207, O18: Recruiting for Reserve Components

DMC Statement: Funds, staffing, emphasis, and priorities have by necessity been focused upon the active forces and the maintenance of the active force level with quality accessions. There has not been a corollary emphasis for recruitment programs in the National Guard and Reserves. As a result, while the active AVF can be considered successful, serious questions remain concerning the Reserve Components. Recognizing that the All Volunteer Force was defined as a small all-volunteer active force supported by strengthened Reserve Components, one must question whether the Total Force policy is a truly viable concept. A full commitment to the Total Force policy in the area of recruitment will require additional funds, new policies and priorities, and high-level attention.

DoD Response: Agree. Recruiting resources for the Selected Reserve have been increased to improve and intensify recruiting capability and to improve the quality of unit training. Prior to FY 1972, very few resources supported Reserve recruiting. With the advent of the AVF, \$21 million was spent in FY 1972. This rose to \$67.7 million in FY 1976 and \$91.5 million in FY 1977. The FY 1978 program totals \$120.8 million. Many years allocated to the recruiting function also have increased significantly. Many years dedicated to Reserve recruiting were 4,236 for FY 1977 and are programmed at 5,330 for FY 1978. On 1 November 1977, the Army started a test program in which three Army recruiting districts, working with local Army Reserve units, have undertaken the dual role of both active and reserve recruiting.

DoD Status: The Army pilot program for integration of active and reserve recruiting has been expanded from the three recruiting areas in November of 1977 to 10 areas in February of 1978. A decision, concerning further expansion, will be made after January 1979.

Chapter VI: Developing and Utilizing the Total Force**Page 215, R71: Lifting of Restriction on Scholarship Awards**

DMC Statement: The restriction on the number of ROTC scholarships of less than 4 years should be lifted to permit the Services greater flexibility in program management.

DoD Response: Agree. PL 94-419 provides that up to 60% rather than 20% of the total authorized scholarships may be made available each year to two-year program members. Removal of the 60% limitation would increase further the managerial flexibility of DoD in achieving an efficient ROTC program.

DoD Status: Legislation recommending the removal of the 60% limitation has been introduced in the second session of the 95th Congress. Congress has not completed action on this legislation.

Page 216, R72: Permanent Student Stipend for the Platoon Leaders Class

DMC Statement: The authority for a student stipend for the Platoon Leaders Class should be permanently extended and placed under the management of the Secretary of the Navy.

DoD Response: Agree. DoD would like Congress to extend permanently the student stipend for the Platoon Leaders Class.

DoD Status: Legislation making the stipend permanent has been introduced in the second session of the 95th Congress. Congress has not completed action on this legislation.

Page 216, R73: Application of Platoon Leaders Class Approach to Other Services

DMC Statement: The Platoon Leaders Class approach to an officer's commission should be explored for application to other Services.

DoD Response: Agree. The Platoon Leaders Class (PLC) is presently authorized a subsistence allowance for the Marine Corps. If the subsistence allowance were extended to the other Services as well, it would be possible to extend the PLC approach to these other Services. DoD favors the PLC approach for all Services as appropriate.

DoD Status: Legislation recommending permanent subsistence allowance for all services has been introduced in the second session of the 95th Congress. Congress has not completed action on this legislation.

Page 218, R76: Consolidation of Undergraduate Helicopter Pilot Training (UHPT)

DMC Statement: DoD should consolidate Defense UHPT under the common all rotary-wing curriculum and conduct it at the single location.

DoD Response: Agree. DoD proposed UHPT consolidation in the FY 1977 President's Budget. The Congress did not approve consolidation for FY 1977 and directed further study. The report of the study was submitted to the Congress in April, 1977, and consolidation was again proposed in the FY 1978 President's budget.

DoD Status: UHPT consolidation was again proposed in the FY 1979 President's Budget. Congress has not acted on this proposal.

Page 224, R82: Faculty Mix at Senior and Intermediate War Colleges

DMC Statement: An appropriate civilian and military faculty mix should be provided for intermediate and senior professional military education programs which would insure continuity, quality, and specific expertise of a high-level professional staff.

DoD Response: Agree. The DoD study of the faculty mix for these schools was submitted to the Congress on 10 April 1977. This study recommended that a limited number of civilian professors from relevant academic disciplines be added to the faculties to enhance their educational programs. Some civilian faculty members are being added in academic year 1977-1978.

DoD Status: Some civilian faculty members have been added to the intermediate and senior professional military education schools. The schools will monitor the effectiveness of this mix to determine if additional professionals should be added to their faculties.

Page 225, R83A: Introductory Level PME for NCO's

DMC Statement: The Services should develop an introductory level of professional military education for noncommissioned officers that would stress leadership skills and would be the concluding unit of instruction in selected journeyman-level technical courses.

DoD Response: Agree in part. Army NCO academies currently offer an introductory leadership course. The Services are also evaluating the feasibility of including leadership training in journeyman technical courses. However, other alternatives may be developed, since the technical instruction demands all of the curriculum time at present. The additional costs of lengthening overall training time must be considered before additional subject matter is added to technical courses.

DoD Status: No change. Services are evaluating the feasibility of including leadership training in journeyman technical courses.

Page 228, R86: Selective Educational Enlistment Benefits

DMC Statement: In the event that the GI Bill is terminated, a new selective educational enlistment benefit should be developed for recruiting personnel in undermanned specialities.

DoD response: Under study. Public Law 94-502, which terminated the GI Bill for new accessions, requires a contribution to an individual service member's educational assistance fund by both the individual and the Veteran's Administration. The law also authorizes the Secretary of Defense to contribute to the educational assistance fund of any member participating in the new cost sharing program to encourage him or her to enter or remain in the Armed Forces. DoD is studying the effectiveness of making a selective contribution to members' educational assistance funds for possible test implementation.

DoD Status: DoD is now testing, within the Army, the effectiveness of making a selective contribution to the members' educational assistance fund.

Page 238, R96: Eliminate Veterans' Preference in Reductions-in-Force

DMC Statement: The Veterans' Preference Act should be amended to eliminate veterans' preference as a factor in determining retention rights during a reduction-in-force.

DoD Response: Agree.

DoD Status: Elimination of veterans' preference is part of a DoD Civil Service reform package. Legislation is currently before Congress.

Page 239, R99: Civilian Career Programs

DMC Statement: The Secretary of Defense should insure that the current Service plans for civilian career programs be implemented according to schedule and that the civilian personnel monitor of the Office of the Secretary of Defense provide the lead in development of "capstone" program applicable to all Services.

DoD Response: Agree. DoD model career programs will be operational by 1 June 1978 for the Procurement and Quality and Reliability Assurance career fields. Extension into other career fields will follow. OSD takes the lead in programs providing for development of managers across functional lines by providing for expansion of civilian employee participation in such broad managerial programs as the ICAF, NWC, and other Service schools providing this type of training.

DoD Status: The DoD program has been designed and approved. It is titled, "The DoD Automated Career Management System" (ACMS). About 27,000 procurement and quality and reliability assurance personnel will be entered into the system. System operation date has been moved to 1 July 1978.

Chapter VII: Shaping the Military Career Force of the Future

Page 255, R107: Common Classification System

DMC Statement: The Secretary of Defense should obtain the maximum commonality between the manpower data systems of the Services and insure that those systems support the control needed. Additionally, the Office of the Secretary of Defense should develop a common job and people classification and coding system applicable to all the Services.

DoD Response: Agree in part. DoD's goal is to achieve maximum commonality among OSD and Service data systems with minimum administrative burden. However, the DoD will retain existing Service classification and coding systems and develop an OSD master system which will be able to relate the various Service systems on a common basis. In this way, existing Service data classification and coding systems will not be disrupted, and OSD management needs will be served. Between October 1975 and December 1977, OSD developed DoD-wide classification structures for types of units, occupations, and jobs. OSD has since been developing and testing procedures for converting existing Service coding schemes into those common classification structures.

DoD Status: DoD will retain existing Service classification and coding systems and develop an OSD master system which will be able to relate the various Service systems on a common basis. The DoD system is composed of three classification structures, units, occupations, and jobs. Occupation classification pertains to people and describes the education they have, i.e., the specific skill they were trained for--e.g. tank mechanic. Job classification pertains to the output of a specific work center--e.g. a department on a ship. The classification structure for units and occupations was implemented in April 1978. It is expected that implementation of the jobs classification structure will be completed by November 1979.

Page 273, R122: Reserve Career Force Based on Requirements

DMC Statement: The Secretary of Defense should develop a concept and system for the Reserve officer career force based on requirements that closely parallel the approach for active forces outlined earlier.

DoD Response: Agree in part. The grade distribution for Guard and Reserve officers of the Selected Reserve is based upon structure requirements for each component. However, there are no precise structure requirements for the Individual Ready Reserve or the Active Status Standby Reserve. The latter two groups represent a manpower resource of varying skills and grades who may be used individually to meet mobilization needs as any given situation would dictate. The Reserve system (ROPA) presently in use and the modernized system (ROPMA) being developed by the Department of Defense recognize a need to provide upward mobility for all Reserve officers in an active status who participate in Reserve programs with or without pay.

DoD Status: DoD is currently awaiting Congressional action on the Defense Officer Personnel Management Act (DOPMA) for the active forces. Reserve legislation will be submitted after Congress acts upon DOPMA.

Chapter VIII: Compensation and Retirement

Page 281, R125: True Costs or Prices of Resources

DMC Statement: The budgets of the Department of Defense and each of the individual Services should reflect the true costs or prices of the resources they use.

DoD Response: Agree. With respect to elements of military compensation, DoD is seeking to develop true costs for the elements of military compensation. Many of these are quite sensitive to economic assumptions and force projections. The President's Commission on Military Compensation is including this in their policy review and will report by 15 March 1978.

DoD Status: The legislative proposal to shift to accrual budgeting for military retirement was resubmitted on 30 April 1978. Congress has not yet acted on the proposal.

Page 286, R126: "Competitiveness" as the Basis for Military Compensation

DMC Statement: 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. In short, a compensation system should be efficient. Comparability, broadly defined, may be one means toward this end, but it is not an end in itself independent of manpower supply considerations. The Commission accepts the use of comparability as a guide to judgment, but not as present usage.

DoD Response: Under study. This is one of the fundamental issues of military compensation. The President's Commission of Military Compensations is reviewing this issue and will report by 15 March 1978.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 286, R127: Equity in Military Compensation

DMC Statement: A compensation system should be equitable to taxpayers as well as employees. Because of widely varying individual views about what constitutes equity with respect to any specific compensation issue, this principle is subordinate to the first. In a sense, equity may be considered to be subsumed under the first principle, for a compensation system which is widely viewed by employees as inequitable is likely to be inefficient in the long run. A compensation system which pays more than is necessary is both inequitable to the taxpayers and inefficient.

DoD Response: Under study. DoD agrees that compensation should be adequate to attract and retain the desired quantity and quality of personnel, and equitable to both the member and taxpayers. The relationship of equity to comparability or competitiveness is being studied. The President's Commission on Military Compensation is reviewing this issue and will report by 15 March 1978.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 317, 023: Force Configuration as a Basis of an Efficient Compensation System

DMC Statement: An efficient compensation system does not exist and cannot be developed in the absence of the force configuration which it is to support.

DoD Response: Agree in part. Force configuration requirements as well as supply elasticity estimates for the types and quantities of personnel needed to meet the force configuration profiles are among the considerations required to evaluate the efficiency of compensation systems. DoD defers judgment on the efficiency of the current compensation system pending further study. The President's Commission on Military Compensation is reviewing this issue and will report by 15 March 1978.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 325, C52: Optimal Compensation System for Recruitment and Retention

DMC Statement: A uniform pay table and diverse application of bonuses and special pays will best support the recruitment and retention needs of the Services at the least cost.

DoD Response: Agree. The President's Commission on Military Compensation is reviewing this issue and will report by 15 March 1978.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 327, C55: Rationale for Sea Pay

DMC Statement: There are valid and sufficient reasons for the development and implementation of a new sea pay plan. The new sea pay should be structured to include personnel in undermanned skills to volunteer for and/or remain on sea duty when the needs of the Service so require.

DoD Response: Agree in part. Sea pay is required to create a monetary distinction between service at sea and service ashore and thus increase tolerance for repetitive sea duty tours in the course of a Navy career. Sea duty has a unique and all-pervasive impact upon Navy men. As a factor in recruiting, the "adventure and excitement" associated with duty at sea among uninitiated potential recruits works to the advantage of the Navy. Once the realities of arduous duty onboard a naval warship are experienced, however, this sea duty aura dissipates, and the prospect of repetitive reassignment to duty at sea over a career becomes a decisive disincentive when considering Navy reenlistment. The Navy is losing highly trained, experienced seamen and petty officers who resign rather than make a career commitment to a unique and unnatural way of life without the prospect of recognition in return. In realization of this, DoD will submit a revised sea pay proposal to the Congress. Sea pay, however, is not the vehicle to address the problem of Navy manpower shortages. Because of the high correlation between manpower shortages or imbalances and sea duty, DoD has concluded that the Selective Reenlistment Bonus system is the proper way to address retention in the Navy.

DoD Status: The DoD has proposed legislation to restructure and increase sea pay. The SASC adopted the Administration's proposal in this report (S-826). The DoD awaits House and Senate actions.

Page 334, R136: Elimination of Military Compensation "Drag-alongs"

DMC Statement: All compensation components expressed as "drag-alongs" and alternative methods of payment should be analyzed; alternative methods of payment which eliminate or reduce the "drag-alongs" should be adopted whenever they can more efficiently achieve the purpose of any specific component of compensation.

DoD Response: Agree in part. DoD generally concurs with this recommendation and has analyzed some of the compensation components in question. See C56. The President's Commission on Military Compensation is reviewing this issue and will report by 15 March 1978.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 333, C56: "Drag-alongs" in a Compensation System:

DMC Statement: "Drag-alongs" are undesirable in principle as part of a compensation system because changes in these components occur without reference to their purpose, but are based instead upon changes in another component. This is inconsistent with efficient compensation practice. (DMC defines a "drag-along" as an item of compensation which is linked to another element of compensation, usually as a multiple or fraction, and which changes automatically whenever the element to which it is linked changes.)

DoD Response: Agree in part. Some "drag-alongs" are justified. For example, the calculations of initial retired pay levels as some function of active pay levels is almost universal in the United States. The President's Commission on Military Compensation is reviewing this issue and will report by 15 March 1978.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 341, RI40: "X-Factor" Payment to Military Personnel

DMC Statement: There should be no explicit payment to be made to all or most Service members which is specifically designated as compensation for the X-factor.

DoD Response: Under study. The Third QMRC Staff defined the "military factor" as the inherent hardships of military service not found in civilian employment and concluded that it should be recognized in a total compensation system at two levels.

The first level is one of general military liability, consisting of the prior commitment to relinquish personal control over liability of exposure to combat; the requirement for frequent and involuntary relocation, separation from family, field duty for training; and frequent and variable overtime, weekend, and holiday work and duty. The Third QMRC Staff recommended that this level should be recognized in the traditional benefits of military service--the commissary benefit, the exchange benefit, and the portion of the health care benefit not included in the total compensation comparison base. The level of these benefits should be retained at approximately current levels and not reduced except as a result of major reviews of the principles and concepts of total military compensation.

The second level of the military factor is one of individual military liability to duty involving a particular risk, hazard or condition to which not all members are generally liable. The Third QMRC Staff recommended that this level should be recognized through a system of special and incentive pays tailored to particular hazard conditions.

The President's Commission on Military Compensation is reviewing this issue and will report by 15 March 1978.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 346, C59. Objectives of Federal Government Benefit Plans

DMC Statement: Three objectives should be recognized and stated in Federal Government benefit plans: (1) to provide a coordinated and equitable military estate program; (2) to provide benefits economically; and (3) to foster efficient administration of these benefits.

DoD Response: Agree. The President's Commission on Military Compensation is reviewing the total military compensation system, including the various benefit items, and will report by 15 March 1978.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 348, O27: True Cost of Military Retirement

DMC Statement: The DoD Budget does not reflect the true cost of current and deferred annuities for military retirement. The estimated cost was \$7.7 billion in 1975 and will approximate \$10.18 billion in 1977.

DoD Response: Agree. DoD is currently developing a legislative proposal to budget retirement costs which will reflect the accrued liability for the future retirement cost of the current force.

DoD Status: The legislative proposal to shift to accrual budgeting for military retirement was resubmitted on 30 April 1978. Congress has not yet acted on the proposal.

Page 349, C61: The Military Retirement System

DMC Statement: The present military retirement system is not consistent with DoD requirements.

Action can be taken now to correct certain defects in the existing military retirement system.

A major restructuring of the military retirement system is required and should be accomplished on an integrated, planned time-phased basis.

DoD Response: Agree. The current retirement system requires a restructuring to correct personnel management, equity, and cost deficiencies. The President's Commission on Military Compensation is reviewing the military retirement system and will report by 15 March 1978.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 349, R141: Reform of the Military Retirement System

DMC Statement: The military retirement system, which includes nondisability, disability and Reserve retirement, should be restructured in consonance with recommended changes to the compensation system and approved force profiles. Such restructuring should be implemented on a time-phased basis.

DoD Response: Agree. The military retirement system should be restructured, though not necessarily in consonance with the DMC recommendation. The President's Commission on Military Compensation is reviewing this subject and by 15 March 1978 will make independent recommendations to the President on the future retirement system for the Armed Forces.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 351, R142: Integration of Military and Social Security Retirement Benefits.

DMC Statement: Explicit integration of military retired pay and Social Security retirement benefits should not be implemented, but in its determination of appropriate levels for retirement multipliers the proposed Federal Compensation Board should take cognizance of Social Security retirement benefits, particularly with respect to the division between present and deferred compensation.

DoD Response: Under study. DoD is aware of the implications brought to light by the DMC of attempting to integrate military retired pay with Social Security retirement benefits. However, the fact remains that retired military personnel receive a retirement benefit and an old age income maintenance benefit both based on the same period of service. The Department believes there are reasonable ways of integrating the two systems so that the rights of the individual member and the interests of the public are both served equitably. The President's Commission on Military Compensation is reviewing this issue and will report by 15 March 1978.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 353, R145: Retirement Modernization Act (RMA)

DMC Statement: The proposed Retirement Modernization Act in its present form should not be passed. New proposals should be developed consistent with the following objectives: (1) providing DoD with an improved personnel management tool; (2) reducing overall retirement costs; and (3) providing members with fair and equitable compensation.

DoD Response: Under study. DoD has deferred resubmission of RMA to await the recommendations of the President's Commission on Military Compensation. The Commission is reviewing this issue and will report by 15 March 1978.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 357, R146: Computation Base for Military Retired Pay

DMC Statement: Pay for use in the calculation of military retirement annuities should be the average of the retiree's highest 36-consecutive months of basic pay, provided that this change is coordinated with the other determinants of retired pay--particularly the level of the retirement multiplier.

DoD Response: Under study. DoD has supported as a part of RMA the calculation of military retirement annuities on the average of the retirees highest

12 consecutive months of basic pay (High 1) rather than the average of the highest 36 months (High 3) recommended by DMC. The High 1 concept removes the inequities of a terminal basic pay system which providing an annuity with the desired close relationship to the active duty level of the member at the time of his retirement. The High 1 computation represents an appropriate average that is fair both to the member and the Government. The President's Commission on Military Compensation is reviewing this issue and will report by 15 March 1978.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 357, R147: Years of Service for Military Retirement

DMC Statement: Immediate action should be taken to provide for pro rata credit for partial years of service in the computation of retirement multipliers. Such credit should be based on the number of 365ths of a year actually served.

DoD Response: Agree. DoD supports the DMC recommendation to provide pro rata credit for partial years of service based on the number of 365ths of a year actually served. The President's Commission on Military Compensation is reviewing the total military compensation system, including the retirement system, and will report by 15 March 1978.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 363, C63: The Reserve Retirement System

DMC Statement: The Reserve retirement subsystem is not consistent with DoD requirements.

DoD Response: Agree. All aspects of Guard and Reserve Compensation are presently under study by the Presidentially-directed Reserve Compensation Study Group, which will report by June 1978.

DoD Status: The Reserve Compensation Study is currently being coordinated within DoD.

Page 363, R151: Reform of the Reserve Retirement System

DMC Statement: Action should be taken now to base the annuity on rates of pay in effect at the time a member terminates active status in the Reserve program. This amount should be increased by the percentage change in CPI during the intervening years until the member is entitled to retired pay.

DoD Response: Under study. All aspects of Guard and Reserve Compensation are presently under study by the Presidentially-directed Reserve Compensation Study Group, which will report by June 1978.

DoD Status: The Reserve Compensation Study is currently being coordinated within DoD.

Page 363, R152: Coordinated Restructuring of Retirement Systems

DMC Statement: A restructuring of the Reserve retirement subsystem should be accomplished in conjunction with the restructuring of the military non-disability retirement system.

DoD Response: Agree. All aspects of Guard and Reserve Compensation are presently under study by the Presidentially-directed Reserve Compensation Study Group; will report by June 1978. The military nondisability retirement system is being reviewed by the President's Commission on Military Compensation which will report by 15 March 1978.

DoD Status: The Reserve Compensation Study is currently being coordinated within DoD.

Page 364, R153: Extension of Consumer Price Index Adjustments

DMC Statement: Extending Consumer Price Index adjustments to Retired Serviceman's Family Protection Plan survivors would not violate existing practices concerning Government annuity adjustments. It is the only major Federal Government-sponsored annuity that is not so adjusted.

DoD Response: Agree. DoD has proposed legislation which would authorize cost-of-living increases in RSFPP annuities paid to survivors of retired members who died on or before March 20, 1974. Members who were in a retired status on September 21, 1972, the date the SBP law was approved, had until March 20, 1974, to elect coverage under the plan.

DoD Status: Legislation was included in H.R. 3702 which passed the House 12 September 1977. DoD is currently preparing a report for the Senate on the bill.

Page 366, C64: Social Security Offset Provisions in the SBP

DMC Statement: The inherent inequities of Social Security offsets make the existing Social Security offset provision in the Survivor's Benefit Plan contrary to the proper objectives of such a plan. This provision should therefore be repealed.

DoD Response: Agree in part. The present offset provision in the Survivor Benefit Plan has serious inequities because of the difficulties associated with attributing some portion of total Social Security benefits to military service. This problem is intensified in SBP because the offset is 100 percent in contrast with the 50 percent level originally proposed by DoD and

employed in the integration feature of RMA. The President's Commission on Military Compensation is reviewing the total military compensation system, including the military estate program, and will report by 15 March 1978.

DoD Status: Legislation was included in H.R. 3702 which passed the House 12 September 1977. DoD is currently preparing a report for the Senate on the bill.

Page 368, C66: Status of the Death Gratuity Benefit

DMC Statement: There has been an erosion of this benefit since the last formula change in 1957.

DoD Response: Agree. There has been an erosion of the death gratuity benefit since 1957. However, increases in Servicemen's Group Life Insurance and Dependency and Indemnity Compensation offset that erosion. It is not necessary to increase death gratuity payments at this time. The President's Commission on Military Compensation is reviewing the total military compensation system, including the military estate program, and will report by 15 March 1978.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 369, R160: Privileges for Members With Deferred Annuities

DMC Statement: Medical, dental, commissary, exchange, and base privileges should not be provided to any member who receives a deferred annuity other than reservists who reach the age of 60.

DoD Response: Agree. DoD opposes the addition of new groups of patrons. Over the years there have been numerous requests for military privileges for a wide variety of groups either because of financial need or in recognition of some type of service to the United States or both. A significantly enlarged patron group using already overburdened military facilities would reduce the value and benefit of these facilities to the groups they were intended originally to serve and now serve. The President's Commission on Military Compensation is reviewing this issue and will report by 15 March 1978.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 369, R161: Officer Severance Pay

DMC Statement: The Department of Defense, pending restructuring of the military retirement system, should develop legislation to eliminate the existing inequities regarding officer severance pay.

DoD Response: Agree. Under current law regular officers separated with more than 5 but less than 20 years of service receive severance pay equal to 2 months basic pay for each year of service up to a maximum of \$15,000. In 1963, when the maximum was established, the \$15,000 maximum was realized by an O-4 with approximately 15 years of service. Because of inflation and pay raises, that maximum is now reached by an O-3 with between six and seven years of service. The President's Commission on Military Compensation is currently reviewing this issue and will report by 15 March 1978.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 376, R163: Vesting in the Military Retirement System

DMC Statement: Members should become vested in the military retirement system upon entering a Voluntary Indefinite status at the career gate in the 10th year of service. Voluntarily-separating vested members should be provided a deferred annuity, payable at the age 65 and based upon years of service. Involuntary separatees should be provided a choice between readjustment pay. The involuntary separatee's deferred annuity should be based upon earned retirement points. Finally, the involuntary separatee's right to purchase health insurance at standard rates should be invested by the proposed Federal Compensation Board.

DoD Response: Agree in part. DoD proposed the Retirement Modernization Act (RMA), which included vesting provisions similar to those proposed by the DMC. However, the DoD proposal differs by the formulas used to calculate the readjustment pay for involuntary separatees and the deferred annuity for both voluntary and involuntary separatees. The DMC computation formulas are related directly to their recommended restructuring of the retirement system to provide eligibility for retirement with an immediate annuity only upon an accumulation of 30 retirement points. The DoD has deferred resubmission of RMA to await the recommendations of the President's Commission on Military Compensation. Retirement needs to be compatible with the whole compensation system, and should not be considered separately. The President's Commission is reviewing this issue and will report by 15 March 1978.

DoD Status: DoD is currently processing the recommendations of the President's Commission on Military Compensation. It is planned to have DoD positions ready for the President by 22 July. The President will include appropriate military compensation reform within his FY 1980 budget.

Page 381, R167: Budgeting for Accrued Retirement Liabilities

DMC Statement: The annual budget of each individual Service should be charged with an amount equal to the currently accruing liability generated in that year for future retirement payments to be made to both civilian and military personnel currently employed by each Service.

DoD Response: Agree in Part. The Administration is proposing to shift to accrual budgeting for military retirement. The Civil Service Commission is studying the use of full accrual budgeting for Federal civilian employees.

DoD Status: The legislative proposal to shift to accrual budgeting for military retirement was resubmitted on 30 April 1978. Congress has not yet acted on the proposal.

Chapter IX: The All-Volunteer Force and Its Future**Page 404, 028: Increased Numbers of Women Recruits**

DMC Statement: It should be observed, however, that increased numbers of female recruits will make up for shortages of male numbers in a praid growth scenario only if an increasing proportion of males can be induced to accept combat assignments.

DoD Response: Agree. The law precludes women in the Navy and Air Force from being assigned duty in aircraft engaged in combat missions, and, for practical purposes, excludes women from serving on Navy ships. The Army has no such legal constraints. The Secretary of the Army has the authority to decide where women will serve, with appropriate oversight by the Secretary of Defense, the President, and the Congress. DoD favors legislation to repeal current laws and treat the Navy and Air Force like the Army.

DoD Status: In the Navy, legal changes are being made. A bill has passed both Houses of Congress that modifies 10 USC 6015, thus allowing women to serve on hospital, transport, and other vessels, and up to 6 months temporary duty on other vessels not expected to be in combat. This is a step in the right direction. DoD now seeks total repeal of 10 USC 6015.

The Air Force legal restrictions apply to women serving aboard aircraft on combat missions. The DoD is seeking the repeal of 10 USC 8549.

Page 424, R170: Mobilization Manpower Procadures

DMC Statement: The Department of Defense should reevaluate their expected yields, mobilization processing procedures, reporting delays and Military Occupational Speciality (MOS) skill matching problems for the Individual Ready Reserve (IRR) and Standby Reserva.

DoD Response: Under study. DoD is placing heavy emphasis on finding solutions to this complex and difficult problem. Management actions designed to improve yield and simplify administrative processing of IRR personnel are being instituted. The skill matching problem between the demand for IRR personnel and the supply of IRR personnel is a serious one.

DoD Status: A DoD task force has begun a study titled, "Mobilization Manpower Requirements for Pretrained Individuals." Study completion is expected in September 1978.

and to make applicable to women serving in the all-volunteer active force the same Reserve obligation as is now applied to male members of that force.

DoD Response: Agree in part. Obligors should remain in the Ready Reserve. A law has been enacted which provides that female persons who become members of the armed forces after 1 February 1978 shall have a six-year statutory military obligation. The Standby Reserve should not be abolished. The Standby Reserve is needed as a place to assign personnel who do not meet immediate requirements, but who might still be of value in a mobilization.

DoD Status: Legislation to abolish the requirement to transfer members who so request from the IRR to the Standby Reserve during the 6th year of their obligation has been included in the HASC Report (95-1118) on the DoD Appropriation Authorization Act, 1979.

Page 425, R175: Screening of Ready Reserve and Standby Reserve

DMC Statement: The Services should screen all current Standby Reservists for transfer to the Ready Reserve, the Retired Reserve, or for discharge, as appropriate, and designate "key personnel" in the Ready Reserve as "temporarily unavailable."

DoD Response: Agree. The Services should screen all current Ready and Standby Reservists. The required actions are outlined in DoD Directives 1235.9, Management and Mobilization of the Standby Reserve, and 1200.7, Screening the Ready Reserve. Both directives provide adequate policy guidance. Procedures for annual screening of non-mobilization personnel from the Standby Reserve are under consideration. DoD will continue to monitor those areas carefully.

DoD Status: DoD has rewritten DoD Directive 1200.7, "Screening the Ready Reserve." The rewritten directive is currently being coordinated within DoD.

Page 425, R174: Review of IRR Requirements and Strengths

DMC Statement: Beyond that, the contemplated Department of Defense legislative proposal to extend the Individual Ready Reserve obligation will not solve the problem adequately and should be deferred, pending a review of projected Individual Ready Reserve strength levels and requirements for each Service.

DoD Response: Under study. Requirements for pretrained individuals have been established for each Service. Asset projections of personnel available to meet these requirements are known. A shortfall is projected. DoD is reviewing several mechanisms to solve the shortfall problem. One alternative being considered is to extend the military service obligation in some way. Such an extension would be effective in a true national emergency when most people would be called up anyway. A Mobilization Manpower Requirements Report, submitted to the Congress November 5, 1976, listed 21 possible alternative courses of action that have been taken, are underway, or are under study to resolve this problem. One of these alternative courses of action is a concept to increase the size of the IRR by providing military training for

volunteers. This idea is being addressed in depth in the Minuteman Training Study.

DoD Status: The Minuteman Training Study is currently in coordination within OSD. The Mobilization Manpower Requirements for Pretrained Individuals Study will further review IRR requirements. Study completion is expected in September 1978.

Page 425, R175: Establishing Priorities for Individual Replacements

DMC Statement: The calculations of requirements for individual replacements, particularly in the Army, should be reassessed in terms of at least two levels of priority, differentiating the most essential from those that could, if necessary, be deferred. The individuals needed should be identified by grade and skill, provided with any necessary training or training after active duty service, and required to keep their Services informed of their whereabouts and availability.

DoD Response: Agree. DoD does establish levels of priority for use of individual replacements. At present, however, the Services may not order IRR personnel to Annual Training unless they volunteer, because of the intent of Congress. Page 120 of the House of Representatives Report No. 94-517, Department of Defense Appropriation Bill, 1976, in discussing Pay Group D, states in part, "...In the meantime, the Committee desires that all personnel called to active duty for two weeks of annual training be volunteers." The Services are expending considerable effort to maintain current addresses of members of the IRR.

DoD Status: Legislation to require members of the IRR to notify his or her Service of a change of address and other data has been included in the HASC Report (95-1118) on the DoD Appropriations Authorization Act, 1979.

Page 425, C70: Shortage of Pretrained Individual Reservists

DMC Statement: Even with the foregoing measures, there will remain a critical shortage of trained individual reservists to fill units to wartime strength and to replace casualty losses in the event major hostilities occur before trained draftees become available from a reactivated Selective Service System. Continued heavy reliance upon the individual reserve system, especially by the Army, cannot be recommended unless prevailing problems are resolved. Moreover, the difficulties involving individual reservists point up the necessity for strong active forces, for adequate, rationally structured, and well-supported Selected Reserve forces, and for an efficient standby Selective Reserve forces, and for an efficient standby Selective Service System ready to go into effective operation immediately in the event of mobilization. (The Selective Service System is examined further below.)

DoD Response: Agree. DoD is aware of this serious problem and is taking action to resolve it on a short-term basis and on a long-term basis.

Requirements for pretrained individuals have been established; asset projections have been verified; and the extent of the problem is known. Actions to improve the management of individual reservists and increase their availability are being taken. Four actions to increase the size of the pool by increasing the length and scope of the military service obligations have been taken and others are being considered. Actions to recruit and train individuals directly into the IRR are under study. See R174.

DoD Status: The Minuteman Training Study is currently in coordination within OSD. The Mobilization Manpower Requirements for Pretrained Individuals Study will further review IRR requirements. Study completion is expected in September 1978.

SUPPLEMENTAL VIEWS: STRUCTURE AND ORGANIZATION OF THE DEPARTMENT OF DEFENSE

The DMC, in a supplement report by three members, made a number of recommendations designed to streamline and strengthen the organization structure of the Department of Defense. These objectives are shared by Secretary Brown, who has given high priority to organization and management reforms since assuming office in January 1977. The DMC supplemental report has provided valuable information and insight during this process.

The Secretary has initiated a number of administrative and legislative actions to remedy the most pressing organizational problems he found upon returning to the Department. These have included a major reorganization and staff reduction in the Office of the Secretary of Defense and realignments of the headquarters of the Military Departments.

The Major changes to the Department's organizational structure to date include:

- Consolidation of the positions of Assistant Secretary of Defense (Intelligence) and Director, Telecommunications, Command and Control Systems under a new Assistant Secretary of Defense (Communications, Command, Control and Intelligence), who will be responsible for intelligence and telecommunications resource management and systems development.

- Establishment of a Deputy Under Secretary of Policy to develop and monitor policy for DoD communications, command, and control (C³) and intelligence analyses, requirements and priorities.

- Elimination of the position of Assistant Secretary of Defense (Installations and Logistics). Weapon system acquisition and related procurement policy functions have been consolidated with research and engineering function. The remainder were transferred to the Assistant Secretary of Defense (Manpower and Reserve Affairs) who has been redesignated as the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics).

- Redesignation of the Director, Planning and Evaluation as the Assistant Secretary of Defense (Program Analysis and Evaluation) and expansion of his responsibilities to include operational test and evaluation.

In addition to the administratively directed changes described above, DoD-initiated legislation was approved by Congress and signed by the President in October 1977. It further strengthened Departmental management by disestablishing one of the Deputy Secretary of Defense positions and the Director of Defense Research and Engineering and establishing instead, two new Under Secretaries of Defense, one for Policy and the other for Research and Engineering.

Paralleling these organizational realignments, the Secretary has directed a twenty to twenty-five percent reduction in Departmental headquarters staffs. These actions have made it possible to effect further economies by eliminating a number of the twenty-two Assistant Secretaries authorized

to the Department under title 10 of the United States Code. These actions represent only the beginning of our efforts to explore fully the opportunities for organization and management improvements in the Department of Defense. In cooperation with the President's Reorganization Project, we are currently conducting a Defense Reorganization Study focusing on three major areas of inquiry: The Departmental Headquarters, the DoD Organization for Resource Management; and the National Military Command Structure.

The actions taken to date and the study effort currently underway are in keeping with the objectives of the recommendations made in the DMC supplemental report. The alternatives presented by the supplemental report have been, and will continue to be, fully considered in Defense realignment efforts.

DoD Status: The Departmental Headquarters and the National Military Command Structure studies will be completed by end June 1978. The Organization for Resource Management study should be completed by December 1978.