In recent years, the Air Force has experienced recruiting difficulties as well as manning shortfalls in certain specialties. This situation has prompted the Air Force to consider significant alterations to the compensation system. The Air Force Chief of Staff asked Project AIR FORCE to provide an initial assessment of two alternatives under consideration, termed skill pay and capability pay. This report responds to that request. It draws on RAND’s expertise in the area of defense manpower, where a persistent research theme has been to assess the compensation system’s performance in terms of recruiting and retention. The report should be of interest to Air Force and other leaders with responsibility for shaping compensation and personnel management policies, and, more generally, to leaders and policymakers concerned with the relationship between the compensation system and personnel readiness. The research, completed in fall 2001, took place in Project AIR FORCE’s Manpower, Personnel, and Training program.

PROJECT AIR FORCE

Project AIR FORCE, a division of RAND, is the Air Force federally funded research and development center (FFRDC) for studies and analyses. It provides the Air Force with independent analyses of policy alternatives affecting the development, employment, combat readiness, and support of current and future aerospace forces. Research is performed in four programs: Aerospace Force Development; Manpower, Personnel, and Training; Resource Management; and Strategy and Doctrine.