As discussed in Chapter Three, reclassification is one of the strategies the Army employs to reduce personnel shortages and, in particular, to increase fill rates in shortage MOSs. It reutilizes existing manpower to fill force structure requirements. Reclassification courses give the Army an additional way to fine-tune its personnel distribution processes. Reclassification also gives soldiers additional flexibility in their choice of occupation, with the result that fewer valuable soldiers might leave the force.

In this chapter we first discuss the sources, process, and number of Army reclassifications and what benefits reclassification provides in reducing shortage MOSs. We then discuss how DL can help expedite the process and thus enhance the benefits of reclassification in this area. Finally, we discuss some of the potential forcewide benefits of DL reclassification.

**SOURCES, NUMBER, AND PROCESS OF RECLASSIFICATIONS**

**Sources of Reclassifications**

Reclassification candidates can come from a number of sources. One source is occupations in which the Army has a surplus. For example, although the force as a whole is short in SL1 soldiers, 18 percent of the MOSs in FY99 actually had a surplus. That surplus numbered some 6,250 soldiers at the MOS level of detail, two-thirds the number of shortages at that level. Table 4.1 shows some MOSs
(grouped by Combat Arms versus other occupations) with surpluses at SL1, and the amount of the surplus.

Of course, for a soldier within a surplus MOS to reclassify into a shortage MOS, he or she must demonstrate an aptitude for the new occupation. What it takes to qualify varies and usually has to do with scores on one or more parts of the Armed Forces Qualification Test (AFQT). Applying qualification screens reduces the pool of available soldiers somewhat, but in most cases, many soldiers can qualify for other occupations. As an example, Table 4.1 shows the percentage of soldiers in each surplus occupation that would qualify for reclassification into the 67T MOS, one of the critical shortage occupations and one of our selected case MOSs. In this case, qualification means scoring 105 or more on the motor maintenance section of the AFQT. Forcewide, we found that 55 percent of the existing force met that requirement.\(^1\) Among occupations with surpluses (shown in

<table>
<thead>
<tr>
<th>MOS</th>
<th>Title</th>
<th>E3–4 Surplus</th>
<th>Percent Motor Maintenance Score &gt; 105</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combat Arms occupations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11B</td>
<td>Infantryman</td>
<td>1,412</td>
<td>62</td>
</tr>
<tr>
<td>19K</td>
<td>Armor Crewman</td>
<td>532</td>
<td>57</td>
</tr>
<tr>
<td>13B</td>
<td>Canon Crewmember</td>
<td>452</td>
<td>42</td>
</tr>
<tr>
<td>11C</td>
<td>Indirect Fire Infantryman</td>
<td>380</td>
<td>59</td>
</tr>
<tr>
<td>Other occupations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>91B</td>
<td>Medical Specialist</td>
<td>905</td>
<td>55</td>
</tr>
<tr>
<td>51M</td>
<td>Firefighter</td>
<td>92</td>
<td>59</td>
</tr>
<tr>
<td>51B</td>
<td>Carpentry and Masonry Specialist</td>
<td>45</td>
<td>47</td>
</tr>
<tr>
<td>14T</td>
<td>Patriot Missile Crewmember</td>
<td>47</td>
<td>54</td>
</tr>
<tr>
<td>71G</td>
<td>Patient Administration Specialist</td>
<td>33</td>
<td>37</td>
</tr>
</tbody>
</table>

Sources: FY99 shortages file and EMF.

\(^1\) AFQT scores are kept in the Army’s Enlisted Master File (EMF).
Table 4.1, 37–62 percent would qualify for service as a helicopter repairer.

A second source of reclassifications is soldiers from occupations that are phasing out of the Army. This type of reclassification was highly prevalent during the drawdown years in the early and mid-1990s, but it still occurs today in more modest numbers. For example, in the 67 Career Management Field (CMF), three occupations are phasing out because the equipment is leaving the active inventory: 67N, UH-1 Repairer; 67V, Observation/Scout Repairer; and 67Y, AH-1 Repairer.

In these cases, soldiers are encouraged (but not required) to reclassify into occupations with shortages, especially when the shortage occupations are functionally similar to the occupations phasing out. In the case of CMF 67, shortages exist in all helicopter repair occupations. As a result, soldiers from 67N, 67V, and 67Y can conveniently reclassify into one of the remaining helicopter repair occupations, like 67T.

A third source of potential reclassifications is soldiers who might otherwise leave the force because, though otherwise qualified, they are dissatisfied with their current job classification. The “reclassification option” at reenlistment provides soldiers some flexibility and freedom in changing their occupation. The choice is offered mainly to soldiers in surplus occupations willing to reclassify into shortage occupations. Reclassification from surplus to balanced occupations or from balanced occupations to balanced occupations is also sometimes allowed. Inasmuch as the reclassification option reduces job dissatisfaction as one potential source of a decision to leave the Army, the result is that fewer soldiers leave the force.

A final source of reclassifications, if one is willing to use the term “reclassification” in a broader sense, is soldiers who have already left the force but are considering reentry. Technically termed “prior-service accessions” rather than reclassifications, these soldiers are included here because their retraining requirements are similar to those of currently serving soldiers who reclassify (i.e., they have proven experience in the Army but require training in a new occupation) and because their retraining has a similar purpose (i.e., to fill MOS shortages).
The Number and Process of Reclassifications

The Army reclassifies a sizable number of soldiers each year. In FY99, the total number of reclassifications was 5,220 soldiers. To provide some perspective about the importance of reclassification for filling shortages, without reclassification, the total number of Army shortages would have been 55 percent greater. There were also an estimated 2,910 prior-service accessions trained to fill MOS shortages. It is currently unknown how many more would reclassify or reaccess if the programs could be made more attractive to potential participants.

To reclassify, existing soldiers currently have to go back to Advanced Individual Training (AIT) courses, the same courses used to provide an initial skill to new recruits. Special reclassification courses for experienced soldiers, though long available to RC soldiers, have been virtually nonexistent for the AC. Similarly, on-the-job training (OJT) is not available, since it was discontinued as a training option for reclassification in the mid-1980s. Considering both reclassifications and prior-service accessions, nearly 10 percent of AC soldiers in AIT courses are actually experienced soldiers rather than new recruits. These soldiers must complete the full AIT course even though, for them, portions are redundant.

Figure 4.1 shows the time-in-service point for the 5,220 reclassifications that occurred in FY99. The figure shows both the year of service and whether the reclassification occurred at reenlistment (the darker part of the columns) or during a term of service (the lighter part of the columns). Most of the reclassifications (3,250, or 62 percent) occur at reenlistment points (as explained above), usually during the third or fourth year of service. The other 38 percent of reclassifications occur during a term of service rather than during a reenlistment.

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2Reclassification Management Branch, PERSCOM.
3Instead of 9,400 shortages, the number would be 9,400 + 5,200 = 14,600, a 55 percent increase over 9,400. This is a maximum estimate; it assumes that no reclassified soldiers were assigned to balanced or surplus occupations.
4The source is an estimate (run 9901) from the MOS Level System (MOSLS), a dynamic inventory projection model of the enlisted force at the MOS level of detail.
5The source here is the number of AIT inputs taken from the Army Training Requirements and Resources System (ATRRS).
window. These tend to occur later in a career; in fact, about 20 percent of all reclassifications are for soldiers with nine or more years of service.

Not all mid-term reclassifications are related to or motivated by the need to fill MOS shortages. For example, some CMFs, like special forces (CMF 18), come into being primarily through reclassifications from other MOSs rather than through direct accession. In addition, some mid-term reclassifications are actually mandatory reclassifications that occur when soldiers cease to meet minimum requirements for a MOS (e.g., because of physical capability, security clearances, or licensing requirements).6

Nonetheless, about 10–20 percent of the mid-term reclassifications are voluntary reclassifications specifically undertaken to reduce MOS

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6See DA PAM 611-21 for a fuller explanation of mandatory reclassification.
shortages. Most of these occur in the FAST TRACK program, where soldiers from surplus MOSs (or surplus grades within MOSs) are targeted and formally offered reclassification into shortage MOSs. One incentive for those offered reclassification is the better promotion possibilities in shortage MOSs relative to surplus MOSs. Experience in this program in recent years has shown that it takes four to five offers to get one soldier to accept the invitation. Said another way, 20 to 25 percent of soldiers invited to reclassify in FAST TRACK actually accept. When goals are not met with invitations (voluntary reclassifications in the FAST TRACK program generally redress only about 80 percent of shortages), mandatory reclassifications are ordered to further reduce the surplus and fill the shortages identified.

**BENEFITS OF RECLASSIFICATION**

The reclassification strategy has a number of benefits. First, for the purpose of reducing shortages, it is more productive for the Army to reclassify a soldier than bring in a new soldier through the accession process. Second, reclassification can be targeted to reduce shortages for SL1 and NCOs alike. Third, reclassification is more efficient than accession per SL1 shortage filled. We discuss each of these points in more detail below.

**Reclassification Is More Productive Than Bringing in a New Soldier for Filling SL1 Shortages**

To examine the effectiveness of increasing reclassification as a policy tool, we compared it to the approach of increasing accessions, assuming for the analysis that the reclassifications would occur, about equally, at the E3 and E4 level.

Figure 4.2 summarizes the results of the analysis, showing the steady-state effect on inventory of reclassifying 100 E3–4s per year and of bringing in 100 new accessions per year. (This figure illustrates 67Ts.)

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7This example used data from MOS 67T. While inventory gains for different occupations will vary depending on the continuation and promotion rates of those groups, the total magnitude of this result would occur for almost any occupation.
Comparing accession with recategorization, Figure 4.2 shows that the Army would get somewhat more returns (about 15 percent) from the recategorization strategy than from the accession strategy. The primary reason is that the recategorization strategy avoids nearly all the losses during initial entry training that occur in the process of accessing new soldiers into the Army. Soldiers undergoing recategorization have proven ability and affinity for Army life, which new recruits have yet to demonstrate.
Reclassification Also Works for Reducing NCO Shortages

Having examined shortages in junior personnel, we now turn to the consideration of NCO shortages. How much could reclassification alleviate shortages at the NCO level? Figure 4.3 sheds some light on this question. In this case, we compare the steady-state effect on inventory of 100 E5 reclassifications per year versus 100 E3–4 reclassifications per year (The E3–4 line is a repeat of the line shown in Figure 4.2). Note first that reclassifying E3s and E4s does, by itself, eventually lead to a larger number of NCOs. In fact, adding the amounts for E5 and above in the E3–4 line, we find that more than half the eventual gains (56 percent) of E3–4 reclassification are at the NCO level versus 44 percent at the SL1 level. This occurs because many of the reclassified soldiers stay in the force long after their transition to a new occupation.

Figure 4.3—Long-Term Effect on NCO Inventory of 100 E3–4 Reclassifications per Year Versus 100 E5 Reclassifications
However, obtaining new NCOs from reclassifying at the E3–4 level depends on “growing” the newly reclassified junior personnel, a process that takes a number of years to complete. When occupational shortages are at the NCO level, a strategy that deals with NCOs in the near term is most immediately effective and therefore may be more appropriate. To deal with such situations, the Army has allowed for soldiers in many occupations to reclassify at promotion to E5. Re-classifying E5s (or higher grades) allows all the inventory increases to occur at the NCO level (as shown by the black line in Figure 4.3), and thus some NCO shortages can be filled immediately. Moreover, in the long term, reclassifying E5s yields 34 percent more NCOs than the E3–4 reclassification case.8

Reclassification Is More Efficient Than Accession

In addition to its greater effect on inventory, the reclassification strategy costs less per position filled than the accession strategy (for SL1 shortages) or the bonus strategy (for NCO shortages). The savings are greatest in cases of voluntary reclassifications unconnected with reenlistment decisions. In such cases, shortages are filled within the continuing force, without having to draw on the pool of newly accessed or reenlisted soldiers. In effect, such reclassifications make more efficient use of a given force or, viewed another way, reduce the cost of force structure imbalances that inevitably occur in a dynamic personnel distribution system. One way to estimate the value of such reclassifications is to use the cost avoided by not using additional soldiers. For example, for an E4 with 3–4 years of experience, the annual cost avoided (for each year the soldier fills the shortage position) is nearly $32,000.9

In all cases of reclassification, the cost of producing an additional qualified soldier is less than that for accession or reenlistment using

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8This argument is not meant to imply that obtaining more NCOs by reclassifying at E5 is preferable to reclassifying at E4. While reclassifying at E5 yields more NCOs in a shorter period, reclassifying at E4 leads to more qualified NCOs due to their longer experience in the occupation. Decisionmakers must still consider the tradeoff in deciding how to obtain more personnel.

9Regular Military Compensation (RMC) from the 1999 Military Services Almanac (which includes basic pay, housing and subsistence costs, and the value of military tax advantages) and an estimate of the cost of retirement accrual.
a bonus incentive. The argument for the former case is illustrated in Figure 4.4, which documents the lesser cost of reclassification compared to accession in the case of 67T. In both cases, the cost of skill training is the same: $22,000 per trained 67T soldier. These costs include those for military and civilian training personnel (for instruction and training support) and those for operations and maintenance (O&M), ammunition, and Base Operating Support (BOS). However, in the case of accessions (the left bar), costs include enlistment bonuses and the cost of basic training, costs that the reclassification strategy avoids (note their absence in the right bar). In addition, student training pay is higher in the case of accession because of the additional time required for basic training.

Comparing the costs of reclassification with reenlistment through SRBs is more complex than comparing the costs of reclassification with accession. First, NCOs who are retained in their original occupation presumably have greater capabilities (at least initially) than NCOs who reclassify to that occupation. This is not necessarily true when comparing newly accessed versus reclassified soldiers at skill level 1. Second, calculating the cost of bonuses is complicated by the difficulty of targeting individuals who would stay in the Army due to the existence of the bonus. Because soldiers' reenlistment intentions cannot be known beforehand, bonuses are normally paid to all soldiers within an occupation and grade, some of whom would have stayed in the Army even without the bonus. Thus, the cost of retaining one more soldier is the cost of his or her bonus, plus the cost of the bonuses paid to soldiers who would have stayed anyway.

Making a gross estimate of the average cost of bonuses in the case of 67T, we conclude that reclassification is less costly than bonuses as a way to fill shortages. We used the average bonus for soldiers in Zone A, multiplier 1.5 (the multiplier in effect at that time for 67T), which

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10That amounts to about $1,500 per week for a 15-week AIT course.
11The cost of accession would be several percentage points greater if training attrition “overhead” costs were considered. In the case of reclassification, almost all soldiers who enroll in the reclassification course graduate from that course. But in the case of accession, soldiers have to pass through the initial “filter” of basic training, where attrition is significant. In addition, more first-time soldiers taking AIT fail to graduate than do soldiers reclassifying. Thus, the training attrition cost of obtaining an SL1 soldier is higher for accession than for reclassification. However, for simplicity, attrition costs were not considered in Figure 4.4.
How DL Can Improve the Effectiveness of Reclassification Training

was $7,200 in FY99.\textsuperscript{12} To address the issue discussed above, we assumed that retaining one more soldier required giving bonuses to that soldier plus five others; that is, five of six soldiers would have reenlisted without bonuses.\textsuperscript{13} Under this assumption, the average cost of filling one shortage position using bonuses is $43,200 ($7,200 \times 6), about 30 percent more than the cost of training ($22,000) and

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\textsuperscript{12}The source is the Retention Management Division, Enlisted Personnel Management Directorate in PERSCOM.

\textsuperscript{13}This assumption is derived from data received from the Retention Management Division, Enlisted Personnel Management Directorate in PERSCOM. We were told that the estimates of the effects of bonuses on retention had wide confidence intervals, since they are based on a study done in the early 1980s. To avoid overestimating the cost of bonuses, we chose a figure at the high end of the interval, which implied bonuses were extremely effective at increasing retention. If bonuses are less effective, then the estimated cost of using bonuses to fill shortages is higher than estimated here.
military pay and allowances ($11,000 for an E5 with 6 years of experience) for a soldier who reclassifies in the 15-week 67T AIT course.

**HOW DL CAN ENHANCE THE RECLASSIFICATION STRATEGY**

The analysis above shows why the Army already uses the reclassification strategy. The focus here is on whether DL can enhance the benefits of the reclassification strategy. If DL could make reclassification more attractive to students and commanders, the strategy would (a) be able to redress a larger portion of the shortages and (b) be able to accomplish this at a lower incremental cost than exists today. In this section we argue that DL could provide a more attractive reclassification strategy in three ways. First, we argue that DL reclassification can lead to an expansion of the reclassification program because it can offer a shorter course, at least some of which could be conducted closer to home (e.g., at the home unit, at a Total Army School System (TASS) battalion, etc.). Second, DL could alleviate equipment bottlenecks at AIT because of the potential availability of unit equipment for training. Third, DL reclassification will make the process of filling shortages more efficient overall, both from the personnel acquisition and training standpoint and because it may lead to a better utilization of bonus funds. The first two points are described in more detail in the first subsection below; the final point is discussed at length following that.

**DL Courses Could Expand the Reclassification Program and Reduce AIT Equipment Bottlenecks**

In general, DL reclassification courses can be shorter and more flexible than their RL counterparts, and they can involve less time away from home station. This lowers the transaction cost (in terms of time, dollar cost, and inconvenience) of filling a shortage, both for potential reclassifiers and for their commanders. Basic economics argues that lowering the transaction costs involved in obtaining a product will increase the amount demanded. Thus, the introduction of DL reclassification courses could allow the expansion of that method of filling MOS shortages.
Table 4.2

DL (TADLP) Versus AIT Course Characteristics: The Example of the 67T Reclassification Course

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>AIT Course</th>
<th>DL Course (TADLP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total course length</td>
<td>15 weeks</td>
<td>8 weeks, 3 days</td>
</tr>
<tr>
<td>Residential length</td>
<td>15 weeks</td>
<td>4 weeks, 1 day</td>
</tr>
<tr>
<td>DL length</td>
<td>None</td>
<td>4 weeks, 2 days</td>
</tr>
<tr>
<td>Testing out of already mastered material</td>
<td>No</td>
<td>Potential Yes</td>
</tr>
<tr>
<td>Potential obstacles</td>
<td>• Funding</td>
<td>Cost of added course development</td>
</tr>
<tr>
<td></td>
<td>• Training seats</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Equipment</td>
<td></td>
</tr>
</tbody>
</table>


Table 4.2 shows an example (67T) of a forthcoming DL reclassification course compared to the AIT course in the same occupation. Characteristics of the DL course were reported during the October 1999 DL In-Process Review (IPR) at TRADOC. The DL-supported course is 43 percent shorter in total (8 weeks, 3 days versus 15 weeks). Moreover, the DL course is 72 percent shorter in terms of time away from home station—only 4 weeks, 1 day.

Further, with a modularized DL course, there is potential for DL to shorten the course even further in cases where the trainees have already mastered some of the required skills. This could occur for 67N, 67V, and 67Y personnel, for example, who are already skilled helicopter repairmen but are reclassifying into new helicopter repair MOSs as the equipment mix of the force changes.

Finally, a DL course could overcome some of the current obstacles to undertaking more reclassification through the AIT course. Of course, cost issues can arise on the DL side as well. For example, although we are assuming that from the perspective of the DCSPER the front-end investment costs of DL are sunk (see the discussion in Chapter Three), additional development costs might accrue if the DL program turned out to require more funding than currently allocated to address DCSPER concerns about DL design.
lack of training seats is less likely to be an issue because students spend less time in residence. Similarly, the current equipment shortage at Fort Eustis (the AIT base) is less likely to be an issue if some of the hands-on training could be completed at the soldier’s unit using unit equipment. Finally, a shorter DL course is less likely to have problems with funding. Currently, a lack of available funds can prevent reclassification training (and cross-training) in cases of “TDY and return” (as opposed to training between assignments). For TDY and return, the training funding must come from the installation and compete with its other priorities.

**DL Training Will Make the Process of Reducing Shortages More Efficient**

As mentioned above, DL training offers two different ways of making reclassification more efficient at filling shortages: (1) by being less expensive from an acquisition and training perspective and (2) by potentially saving on bonuses needed for reenlistment. Each savings is discussed below in the context of SL1 reclassification.

**DL reclassification training is a less expensive way to reduce shortages.** First, if a more attractive DL course can lead to more voluntary reclassifications among the continuing force, force efficiency can be increased and the cost of force structure imbalances reduced. As argued above, in this situation the number of shortages can be reduced without the Army having to draw on newly accessed or newly retained soldiers.

Second, DL reclassification can further reduce the cost of filling shortages. Figure 4.5 makes this point, expanding on the graphic used earlier in Figure 4.4 to illustrate the lower cost of DL reclassification compared to accession and traditional reclassification in the case of 67T. While the cost of skill training is the same in the cases of accession and AIT reclassification, it is more than 43 percent less for DL reclassification because of the shorter course length. As a result, DL reclassification costs 43 percent less than AIT reclassification, and 64 percent less than the full cost of accession. Because median course length reductions across all courses are expected to be closer to 30 percent (rather than the 43 percent observed in the case of
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Figure 4.5—DL Reclassification Is the Least Expensive Way to Alleviate SL1 Shortages

67T), the proportional cost reduction in other occupations will be less, but still substantial.\textsuperscript{15}

\textbf{DL reclassification might lead to a more effective utilization of reenlistment bonuses.} Another benefit from using DL to increase the number of reclassifications is a more effective utilization of SRBs. We are speaking here about the potential to reallocate SRBs to fill even more shortages. The reallocation becomes possible due to an indirect effect of SL1 reclassifications in selected occupations. Specifically, this could occur in cases, such as 67T, where a MOS has an SL1 shortage (inviting increased reclassifications) but avoids an NCO shortage through the use of SRBs to boost retention. In such cases, the eventual movement of the additional SL1 reclassifications to NCO positions could lead to a local surplus of NCOs. The exis-

\textsuperscript{15}See the discussions in Chapter Three and Appendix B on estimating the cost of DL versus RL courses.
ence of the surplus, in turn, would allow reallocating SRBs to reduce shortages in other occupations.

Figure 4.6 estimates the effect of eliminating the current 1.5A bonus for 67T after increasing reclassifications. The main point is that reclassifying soldiers (or cross-training soldiers or consolidating MOSs) to overcome the SL1 shortage has the additional advantage of producing an adequate number of NCO leaders in this occupation without the aid of a bonus. This frees up bonus monies to be applied to other occupations.

The white columns in the figure show the 67T original inventory, compared to the line, which represents authorizations. The gray columns show the steady-state effect of 95 reclassification training graduates per year, the number needed to eliminate the SL1 shortage (note that the gray column reaches the line for E3–4s). Finally, the black columns represent the estimated inventories after eliminating the level A bonus.

![Figure 4.6—More SL1 Reclassifications Through DL Can Eventually Lead to NCO Surpluses, Reducing the Need for NCO SRBs for 67T](image-url)
The difference between the gray and black columns in the figure is 125 soldiers (in E5 through E7 combined), the estimated number of 67Ts who would separate from the Army because of the elimination of the bonus for NCOs. However, note that despite the loss of NCOs, the final number is still either above or at the authorized inventory levels, as shown by the relationship of the black column to the line. In other words, eliminating the bonuses to NCOs in 67T cuts the surplus created by the SL1 reclassifications, but does not eliminate it.

Figure 4.7 shows, based on the information in Figure 4.6, the potential amount of bonus dollars that might be reallocated from 67T to other occupations with shortages. The white part of the column on the left shows the 125-soldier reduction in NCO inventory—the steady-state, net effect of the bonus elimination illustrated in the last figure. The black part of the column estimates the number of NCOs in the steady state electing to stay in the force who would no longer receive the bonus during their first reenlistment period. (It is based on the assumption of a four-year initial reenlistment). At the far end of the figure we see the yearly bonus dollars made available for reallocation, $1.47 million, calculated by multiplying the number of soldiers in the parts of the bar by 1.5 (the bonus multiplier in effect in October 1999) times their monthly basic pay.

POTENTIAL FORCEWIDE BENEFITS OF DL RECLASSIFICATION

DL reclassification can increase readiness by providing a better vehicle for reducing the number of personnel shortages. It can also increase the efficiency of the overall process for filling shortages.\(^\text{17}\)

\(^{16}\)The 125 estimate is an upper-bound estimate derived from data received from the Retention Management Division, Enlisted Personnel Management Directorate in PERSCOM. However, since the estimate is based on a study completed in the early 1980s, it must be considered an extremely rough approximation. The exact effect that the reduction or elimination of bonuses in certain MOSs would have is a matter for further study and beyond the scope of this report. The point here is mainly that in cases where surpluses are produced by SL1 reclassifications, some reallocation of SRBs is likely to be possible.

\(^{17}\)Other benefits of reclassification, like increasing the availability of soldiers to commanders and reducing the size of the TTBS, are analyzed in Leonard et al. (2001).
Reduction in the Number of MOS Shortages

First, our analysis suggests that DL could stimulate an expansion of the Army’s reclassification program, resulting in a corresponding reduction in the number of MOS shortages. The basis for this expectation boils down to a transaction cost argument. For potential trainees, the transaction costs for entering a new occupation are reduced because DL courses take less time to complete and involve less time away from home and family than the traditional AIT course. For commanders, the transaction costs to retrain surplus unit personnel (to increase unit personnel readiness) are similarly decreased because the training costs less, takes less time to complete, and...
allows some access to the soldier during the training period. Basic economics argues that lowering the transaction costs of employing the strategy will increase the amount demanded.

There are two ways that the number of reclassifications might increase to fill more MOS shortages. First, as argued above, the proportion of soldiers who accept reclassification when offered might go up. Currently, reclassification attracts relatively few. In the Army's current voluntary program (see the discussion of FAST TRACK earlier in this chapter), only about 20 to 25 percent of the soldiers asked accept the offer to reclassify. Moreover, only a small percentage of soldiers choose the reclassification option at reenlistment.

A second way to increase the number of reclassifications is to expand the window of opportunity for reclassification. For example, most reclassifications currently occur only after several years in the force; only 3.6 percent (190 out of 5,220) occurred in the first two years of service in FY99. The existence of the DL option for reclassification may make earlier reclassifications (ones that occur nearer the beginning of the first soldier assignment) attractive to soldiers or their commanders as a way to reduce shortages.

Estimating how much DL might affect individual decisionmaking (those currently in the force in surplus occupations) would require some experimentation. However, we do know that benefits of additional reclassification on a per-capita basis can be substantial, and may even justify offering a reclassification bonus. For example, reducing force structure imbalances with more voluntary reclassification might be valued at $32,000 per soldier per year (the pay and allowances of an E4 with 3–4 years of experience who moves from a surplus to a shortage position). That amounts to a yearly million-dollar savings for each additional 31 voluntary reclassifications.

**Reduction in Cost of Reclassification**

DL reclassification courses could save training resource manpower and dollars on the additional training load it would stimulate. Our
analysis suggests that DL could reduce the cost of training for reclassification by 30 percent. This assumes that, on average, RL and DL training cost the same on a daily basis, but DL courses can be 30 percent shorter than RL courses (see the discussion in Chapter Three and Appendix B). To estimate the costs avoided on a per-capita basis, we assumed an average 10-week AIT course, at $1,500 per week, reduced to a 7-week DL reclassification course. In that case, $4,500 in training costs would be avoided for each additional soldier reclassified. That amounts to a million-dollar savings for each additional 222 reclassifications.

In addition to reducing the cost of training additional reclassifications, DL could save on the cost of training those who currently reclassify. To estimate how much, consider FY99 as a base case. During that year about 3,550 soldiers reclassified and 2,910 prior-service soldiers rejoined the Army. If we assume nearly all these soldiers could be trained with DL reclassification courses rather than AIT courses (i.e., full DL implementation), and that the same $4,500 in training costs per student could be saved (as per the argument above), training via DL reclassification would cost about $29 million per year less than training via AIT ((3,550 + 2,910) * $4,500).

Although the savings calculated above reflect the potential benefits of DL in handling the current training load, they do not necessarily translate into additional budget or TDA manpower savings. The extent of actual savings depends on assumptions in the current budget. For example, if training resources have already been reduced in anticipation of DL and built into budget and manpower estimates, then the advantage of implementing a DL reclassification program is not additional savings, but rather a way to make the training more feasible under the current resource plan.

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19 Derived from FY99 Military Manpower Training Report, supplemented by the annex on resource trends.
20 This number is a subset of the total 5,200 reclassifications, excluding special service school actions (e.g., to create special forces, CMF 18).
21 Most of this amount will take the form of the pay and allowances of military and civilian manpower.
Increase the Effectiveness of the SRB program

A third type of benefit of expanding reclassification through DL is the potential opportunity to reallocate SRBs to increase their effectiveness. As explained above, the opportunity for reallocation is made possible by MOSs with special characteristics. In particular, we seek MOSs that have an SL1 shortage (inviting increased reclassifications), but no shortage of NCOs (possibly because of the use of SRBs). We estimate that 5 percent of the 13,500 soldiers receiving bonuses in FY99 were in occupations that were short at SL1 but balanced or surplus at NCO levels. Assuming those NCOs received the average bonus, $6,700, the potential for SRB reallocation due to DL could amount to as much as $4.5 million per year. These funds could then presumably be used to further decrease MOS shortages in the remaining occupations.

Bonus savings, like the training resource savings mentioned above, presume that the “right” courses are converted to DL. Moreover, the savings are even “longer term” than the training resource savings mentioned above, because achieving them also depends on “growing” reclassified junior personnel into NCOs. Finally, the amount of the savings must be considered as a rough estimate, since actual outcomes will depend on the choices of individual soldiers in the face of bonus changes, a subject whose analysis is beyond the scope of this report.

Finally, it is worth emphasizing that realizing any of these benefits requires creating DL reclassification courses that are sufficiently attractive to alter the decisions of soldiers (e.g., whether to reclassify, stay in the force, or reenter the force from a civilian status) and, to some extent, their commanders (e.g., whether to seek soldier reclassification or to send soldiers to DL reclassification courses). Some of the attractiveness is built into the characteristics of DL (shorter courses, more completed at home station, more flexibility in the timing of training and the availability of soldiers to commanders), but other important components will have to be built into the implementation process. For example, success in implementing DL will depend on high-quality courseware, adequate student support

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22Information on bonuses received from the Retention Management Division, Enlisted Personnel Management Directorate in PERSCOM.
for taking on the additional responsibility of DL training, added sup-
port from commanders and units in hosting the training, and suffi-
cient administrative support in scheduling courses, matching stu-
dents to courses, and reporting training results.