



NATIONAL DEFENSE RESEARCH INSTITUTE

CHILDREN AND ADOLESCENTS
CIVIL JUSTICE
EDUCATION
ENERGY AND ENVIRONMENT
HEALTH AND HEALTH CARE
INTERNATIONAL AFFAIRS
POPULATION AND AGING
PUBLIC SAFETY
SCIENCE AND TECHNOLOGY
SUBSTANCE ABUSE
TERRORISM AND
HOMELAND SECURITY
TRANSPORTATION AND
INFRASTRUCTURE
U.S. NATIONAL SECURITY

This PDF document was made available from www.rand.org as a public service of the RAND Corporation.

[Jump down to document](#) ▼

The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world.

Support RAND

[Browse Books & Publications](#)

[Make a charitable contribution](#)

For More Information

Visit RAND at www.rand.org

Explore the [RAND National Defense Research Institute](#)

View [document details](#)

Limited Electronic Distribution Rights

This document and trademark(s) contained herein are protected by law as indicated in a notice appearing later in this work. This electronic representation of RAND intellectual property is provided for non-commercial use only. Permission is required from RAND to reproduce, or reuse in another form, any of our research documents for commercial use.

This product is part of the RAND Corporation research brief series. RAND research briefs present policy-oriented summaries of individual published, peer-reviewed documents or of a body of published work.



Have Improved Resources Increased Military Recruiting and Retention?

- RAND RESEARCH AREAS
- CHILDREN AND ADOLESCENTS
 - CIVIL JUSTICE
 - EDUCATION
 - ENERGY AND ENVIRONMENT
 - HEALTH AND HEALTH CARE
 - INTERNATIONAL AFFAIRS
 - U.S. NATIONAL SECURITY
 - POPULATION AND AGING
 - PUBLIC SAFETY
 - SCIENCE AND TECHNOLOGY
 - SUBSTANCE ABUSE
 - TERRORISM AND HOMELAND SECURITY
 - TRANSPORTATION AND INFRASTRUCTURE

Throughout the 1990s, both military recruiting and retention declined. While much of this decline was a result of deliberate policy, especially during the post-Cold War draw-down, by the late 1990s the trends had become worrisome. Problems of particular concern included recruiting of “high-quality” recruits and retention of junior and mid-career officers in key areas.

These trends prompted several responses. Among them were the special provisions related to military pay in the National Defense Authorization Act for Fiscal Year (FY) 2000 (NDAA 2000). In addition to boosting and restructuring military pay, the act required the Secretary of Defense to submit to Congress an annual report assessing the effects of the act on recruiting and retention. The Office of the Secretary of Defense therefore asked the RAND Corporation to develop a methodology for evaluating this legislation and to provide estimates of its effects. The resulting document, *Military Recruiting and Retention After the Fiscal Year 2000 Military Pay Legislation*, also reviews the context of recruiting and retention in recent years.

Reversing Recruiting Declines

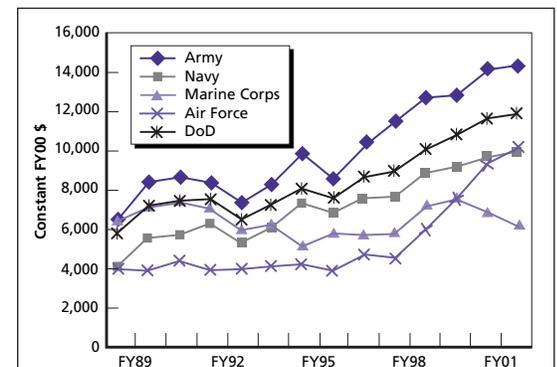
Military recruiting and retention have undergone tremendous change in the past decade. With the end of the Cold War, the number of youths the services sought to enlist dropped by about a third. Despite this smaller requirement, military recruiting became significantly more difficult and expensive in the late 1990s (see the figure).

The Army and Navy failed to meet their recruiting objectives in FY 1998 and the Army and Air Force failed to meet their requirements in FY 1999. Furthermore, recruit quality, measured as the percentage of accessions who are high school diploma graduates and who score above the 50th percentile on the Armed Forces Qualification Test, began to fall in 1992 and dropped precipitously between

Key Findings

- The National Defense Authorization Act of 2000 authorized large increases in military pay, bonuses, educational benefits, recruiting resources, and a restoration of retirement benefits; these changes helped improve recruiting and retention in FY 2000 and FY 2001.
- Nevertheless, some retention problems remained for enlisted and officer mid-career personnel.
- Provision of detailed data on a timely basis can aid further analysis of the effects of NDAA 2000 and subsequent initiatives.

Recruiting Cost per Accession



SOURCE: Office of the Secretary of Defense, Office of Accession Policy.

NOTE: Includes costs of incentives (e.g., college fund benefits, enlistment bonuses, loan repayment programs), military personnel for recruiting (e.g., recruiters, recruiting command personnel), civilian personnel for recruiting, advertising, and recruiting support (e.g., vehicles, cell phones, computers for recruiting personnel).

This product is part of the RAND Corporation research brief series. RAND research briefs present policy-oriented summaries of individual published, peer-reviewed documents or of a body of published work.

Corporate Headquarters
1700 Main Street
P.O. Box 2138
Santa Monica, California
90407-2138
TEL 310.393.0411
FAX 310.393.4818

© RAND 2004

Percentage of Accessions Who Are High Quality

	Army	Navy	Marine Corps	Air Force	DoD
1990	62	55	62	85	64
1991	78	62	67	85	72
1992	78	66	70	85	74
1993	66	64	66	79	67
1994	66	63	68	80	68
1995	65	61	63	83	67
1996	63	61	63	82	65
1997	58	61	62	78	63
1998	58	60	62	77	63
1999	53	55	61	75	59
2000	52	54	60	72	57
2000 (excluding GED Plus) ^a	54	54	60	72	58
2001	55	53	62	74	59
2001 (excluding GED Plus) ^a	59	53	62	74	61

SOURCE: Office of the Under Secretary of Defense (Personnel and Readiness), Accession Policy.

^aGED Plus is an Army program. Not applicable for Navy, Marine Corps, or Air Force.

1995 and 1999. The percentage of recruits considered high quality declined from 67 percent in 1995 to 59 percent in 1999. High-quality recruits in the Army dropped particularly sharply, from 65 percent to 53 percent (see the table). At the same time, the propensity of youths to join the military was declining. The percentage of 17- to 21-year-old males who said they would “definitely” or “probably” serve in the military dropped markedly throughout the 1990s.

Several variables contributed to this increased difficulty in recruiting. First, entry-level military pay declined relative to civilian pay. Second, the unemployment rate declined to record lows, indicating that civilian job opportunities were excellent. Third, college attendance continued to rise, reducing the size of the traditional military recruiting market—high school graduates not immediately pursuing further education. Fourth, family incomes rose, making it easier to support children’s further education or a civilian job search.

These trends prompted several responses. To help the military match civilian opportunities, the National Defense Authorization Act for FY 2000

- authorized military pay increases greater than changes in the Employment Cost Index (ECI) through FY 2006
- restructured the basic pay table, giving higher raises to more experienced members who had reached their rank in fewer years of service and eliminating some “notches” in the pay table
- improved retirement benefits for members who had enlisted since 1986, allowing them the option of converting to an earlier, more generous system, or providing a \$30,000 bonus in the 15th year of service in exchange for a commitment to complete 20 years of service.

These initiatives led to an increase of 4.3 percent for basic pay in FY 2000 and 3.7 percent in FY 2001.

The services also increased their recruiting resources. Between FY 1995 and FY 2001, the number of Air Force recruiters increased

57 percent; those in the Navy increased 31 percent, and those in the Army increased 27 percent. Recruiter incentive plans were changed significantly, and recruiters were given new technology (e.g., cell phones, laptop computers, access to data and software) to help them organize and pursue leads and otherwise boost their productivity.

The services also expanded their enlistment bonus programs and advertising campaigns. The budget allocated to enlistment bonuses rose from \$20.4 million in FY 1995 to \$376 million in FY 2001, while the advertising budget increased from \$111 million to \$255 million. The services revamped advertising as well to recognize the growing importance of the Internet, direct marketing, targeted television programming, cable and satellite television, and infomercials.

Military educational programs, which past research has shown to be particularly attractive to high-quality recruits, were improved. Tuition assistance for service members was increased (subject to total expense caps) to 75 percent of tuition costs and fees across all services, and the maximum benefits of the Montgomery G.I. Bill available to members and veterans over a 36-month period, which had grown only modestly from \$16,466 in FY 1995 to \$16,725 in FY 1998, increased sharply to \$22,768 in FY 2001. These increases came at the end of a decade in which the real costs of tuition and fees at a public four-year college had increased more than 50 percent in real terms and those at a private four-year college had increased about 35 percent.

To assess the effects of these changes, RAND researchers compared recruiting results in FY 2000 and FY 2001 with those from FY 1995 through FY 1997. The available results show cause for cautious optimism. All four services met their overall accession goals in FY 2000 and FY 2001, and the percentage of high-quality recruits rose from 59 percent to 61 percent. The statistical analysis shows that the basic pay increases were a small but by no means negligible factor in ending the recruiting difficulties of the late 1990s.

Improving Retention

Like recruiting, retention also lagged in the late 1990s. The Army first experienced declines in first- and second-term retention rates in FY 1997. The Air Force began missing its first- and second-term retention targets in FY 1998. Navy retention rates rose during the late 1990s but still fell short of the target. Retention was particularly difficult for aviators, for technically skilled personnel in high demand for civilian work, and for those in mid-career. Although the year-to-year declines were small, such declines threatened to accumulate over time and to drain the pool of mid-career personnel from which senior leaders of the future would be drawn.

The services attributed retention problems among officers and enlisted personnel to trends in the civilian economy, more frequent deployments of longer duration, and the aftereffects of the defense drawdown that, by reducing the number of junior personnel in the early 1990s, required higher retention rates among mid-career personnel in the late 1990s to meet requirements. In addition to its pay and pension increases, the NDAA 2000 increased or created several special pays. Nuclear officer incentive pay, for example, was increased to \$25,000. Aviator continuation pay was restructured to enable aviators to receive the pay until they had 25 years of avia-

tion service, and the up-front payment cap was increased for those extending their service for longer periods. The Career Sea Pay Program was expanded to include more personnel.

Beyond this legislation, several bonuses were expanded or created. Selective Reenlistment Bonuses (SRBs) roughly doubled for the Army and increased for the other services as well. The change was greatest in the Air Force, which in FY 1997 did not have an SRB program but by FY 2001 had an SRB budget of \$126 million. The number of skills eligible for bonuses also increased, including an increase in the Army from 33 to 56 and in the Marine Corps from 129 to 176.

Although the effectiveness of each of these changes has not been determined, all services reported improvements in retention in FY 2001. The Air Force met its first-term reenlistment goal, second-term reenlistment increased, and the career reenlistment rate held steady. The Navy reported making significant retention improvements, and its end strength for FY 2001 exceeded authorized strength. The Marine Corps and the Army reported that enlisted retention was under control. Their officer retention rates improved, even in previous problem areas.

Nevertheless, some problems in retention remained. For the Air Force, second-term reenlistments were still below target, and officer retention remained a problem for scientists, engineers, and communication and computer system officers. The Army continued to

report a shortage of captains, and the Navy indicated that improvement was needed in retaining officers for aviation, submarine, surface, and special warfare.

Continued Assessment of Improved Resources

The initial effects of increased military pay on recruiting and retention have been small, but, because military pay increases that are greater than the ECI are mandated to continue through FY 2006, they may be expected to accumulate. Subsequent initiatives, such as the additional military pay increase passed for FY 2002, may also help retain high-quality personnel. Nevertheless, the military will face a continuing challenge in attracting youths from increasingly affluent families, a challenge that must be met if the nation wants to maintain representation from all segments of society in the armed forces.

One way the Office of the Secretary of Defense can more effectively monitor the impact of pay and related policies on military recruiting and retention is to improve the quality and timing of data it obtains from the services. Although the services track personnel variables of interest to them individually, the definitions of many variables differ across services, making comparisons difficult. Furthermore, some information is not always obtained in a timely manner. Some of the analysis in the RAND report, such as that on retention, was limited because of such data problems. ■

This research brief describes work done for the RAND National Defense Research Institute documented in *Military Recruiting and Retention After the Fiscal Year 2000 Military Pay Legislation*, by Beth Asch, James R. Hosek, Jeremy Arkes, C. Christine Fair, Jennifer Sharp, and Mark Totten, MR-1532-OSD (available at www.rand.org/publications/MR/MR1532/), 2002, 122 pp., \$20.00, ISBN: 0-8330-3192-9. MR-1532 is also available from RAND Distribution Services (phone: 310.451.7002; toll free: 877.584.8642; or email: order@rand.org). The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors. **RAND**® is a registered trademark.

RAND Offices Santa Monica • Washington • Pittsburgh • New York • Doha • Leiden • Berlin • Cambridge