

Cost-Benefit Analysis of Special and Incentive Pays for Career Enlisted Aviators

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ISSUE

The U.S. Air Force is required to justify budgets for special and incentive (S&I) pays for career enlisted aviators (CEAs). To do so, the Air Force needs rigorous analyses on how to efficiently set S&I pays for CEAs to achieve and maintain required end strength, where the efficient S&I pay levels account for the retention responses of CEAs to changes in these pays.



APPROACH

We expanded the RAND Corporation's Dynamic Retention Model (DRM) to create separate models for each CEA specialty. These models allow for simulations under different S&I pay regimes. We used these models to estimate the per capita cost for each CEA specialty under different policies to show the trade-offs between retaining CEAs and increasing accessions for a given force size. We also used these models to calculate tipping-point values: the values that recruiting and training costs would need to reach before retaining experienced CEAs using selective reenlistment bonuses (SRBs) becomes more cost-effective than increasing accessions.



CONCLUSIONS

- If a more experienced CEA force is needed, then increasing SRBs is more cost-effective than increasing Critical Skills Incentive Pay (CSIP).
- Holding force size constant, increasing SRBs causes the composition of CEAs to change by increasing the proportion of more experienced CEAs.
- The trade-off between increasing SRBs to retain CEAs and increasing accessions to sustain a given CEA force size depends on recruiting and training costs. Given available data on recruiting and training costs, we find that, with the exception of a subset of Flight Engineers, increasing accessions is more efficient than increasing SRBs to sustain a given force size.
- For Flight Engineers who are training to be part of the flight crew on CV-22 aircraft, retaining more experienced personnel using SRBs is more efficient than increasing accessions to sustain force size if SRB multipliers are below 2.5, whereas increasing accessions is more efficient if SRB multipliers are above 2.5.



IMPLICATIONS

- When recruiting and training costs are low, increasing accessions is more cost-effective than increasing retention via SRBs.
- Once recruiting and training costs exceed certain values, it becomes more cost-effective to increase SRBs and have a more experienced CEA force than to increase the training pipeline to sustain force size. With the exception of Flight Engineers on CV-22 aircraft, estimated recruiting and training costs would have to increase substantially before they exceed these tipping-cost values, as show in the table below.
- For CV-22 Flight Engineers, estimated recruiting and training costs are sufficiently close to the estimated tipping point that increasing SRBs and increasing accessions to sustain a given force size cost could be considered approximately the same. This finding suggests that the Air Force could be indifferent between the two options from a cost standpoint.

COMPARISON OF RECRUITING AND TRAINING COSTS AND TIPPING POINTS, BY CAREER ENLISTED AVIATOR OCCUPATION, 2018

Career Enlisted Aviator Occupation	Estimated Recruiting and Training Costs	Tipping Points
In-Flight Refueling (1A0)	\$289,805	\$585,000
Flight Engineers (1A1)	\$251,583 (C-130H) to \$1,559,003 (CV-22)	\$1,485,000
Aircraft Loadmasters (1A2)	\$113,692 (C-130J) to \$316,301 (C-17)	\$580,000
Airborne Mission Systems Operators (1A3)	\$47,964	\$720,000
Airborne Cryptologists (1A8X1)	\$85,812 (Spanish) to \$194,024 (Arabic)	\$1,015,000
Special Missions Aviation (1A9)	\$36,402	\$1,500,000

SOURCE: The estimated recruiting and training costs come from Table 18-1a and Table 35-1 in Air Force Instruction 65-503 and were scaled up to 2018 dollars.



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