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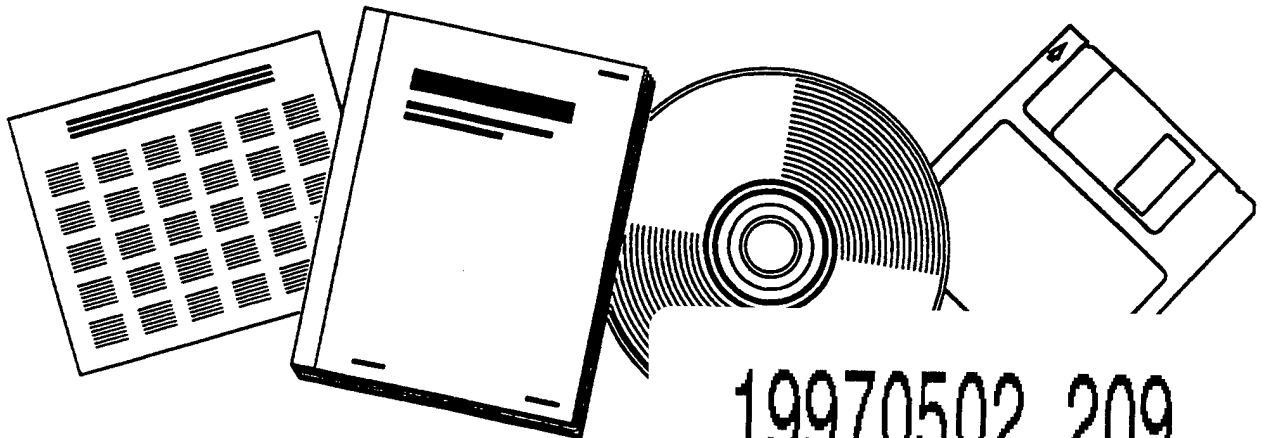
MILITARY PERSONNEL: END STRENGTH, SEPARATIONS, TRANSITION PROGRAMS AND DOWNSIZING STRATEGY ANNEX J TO ADJUSTING TO THE DRAWDOWN REPORT OF THE DEFENSE CONVERSION COMMISSION

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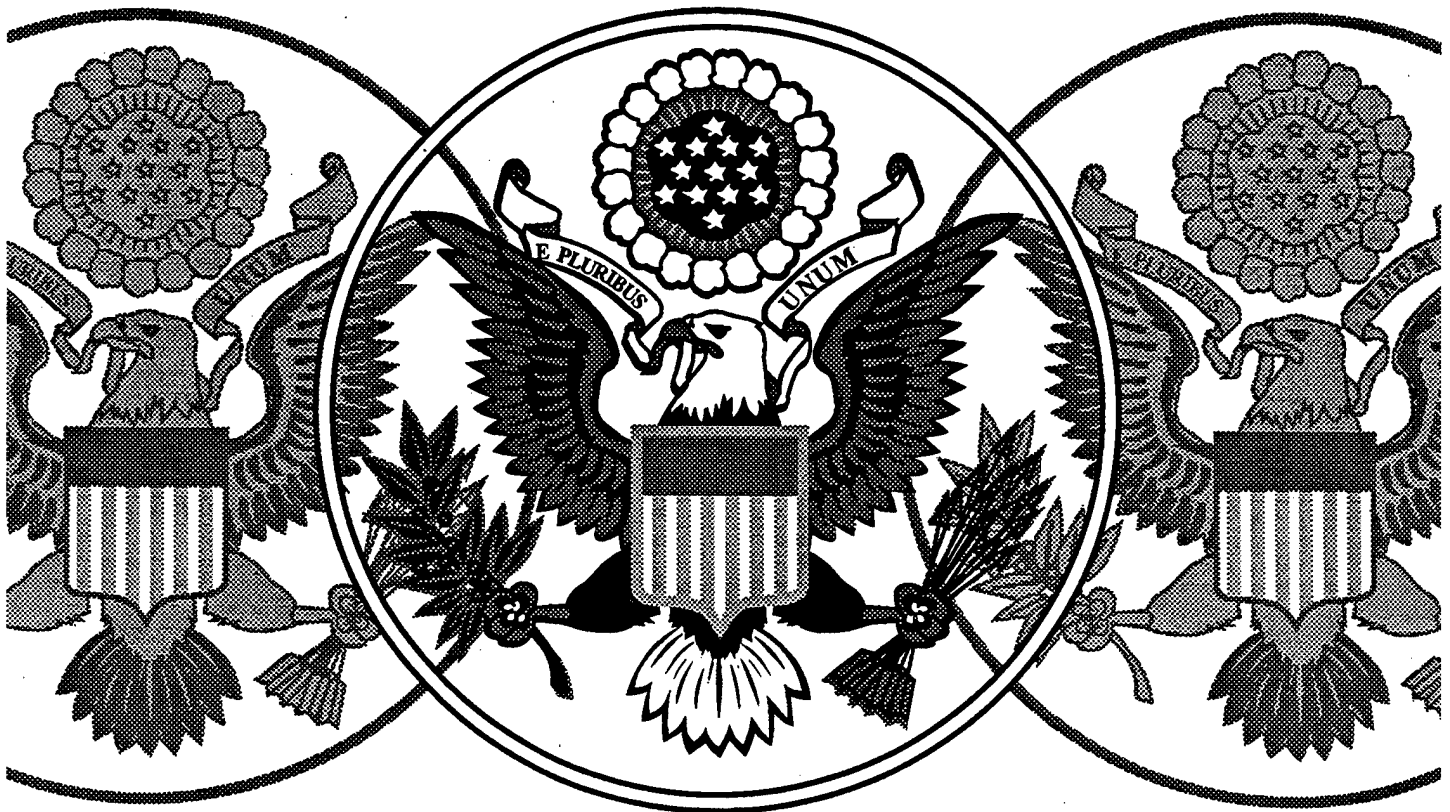
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Military Personnel: End Strength, Separations, Transition Programs and Downsizing Strategy



Annex J to
Adjusting to the Drawdown
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Military Personnel: End Strength, Separations, Transition Programs and Downsizing Strategy

Annex J to
Adjusting to the Drawdown

Report of the
Defense Conversion Commission

February 1993

Prepared by: Albert H. Schroetel

This paper was prepared as input to the Defense Conversion Commission in preparation of its December 1992 Report, *Adjusting to the Drawdown*. This paper does not necessarily reflect the findings, conclusions, or recommendations of the Defense Conversion Commission, the Department of Defense, or any Federal department or agency, nor does the Commission necessarily endorse the views expressed herein.

INTRODUCTION

This annex to *Adjusting to the Drawdown: Report of the Defense Conversion Commission*, December 31, 1992, provides added detail to the basic report in the areas of active duty and Selected Reserve strength reductions and reduction strategies, accession and separation rates by Service, and transition programs to assist departing military members.

MILITARY STRENGTH REDUCTIONS AND DOWNSIZING STRATEGY (1987 - 1997)

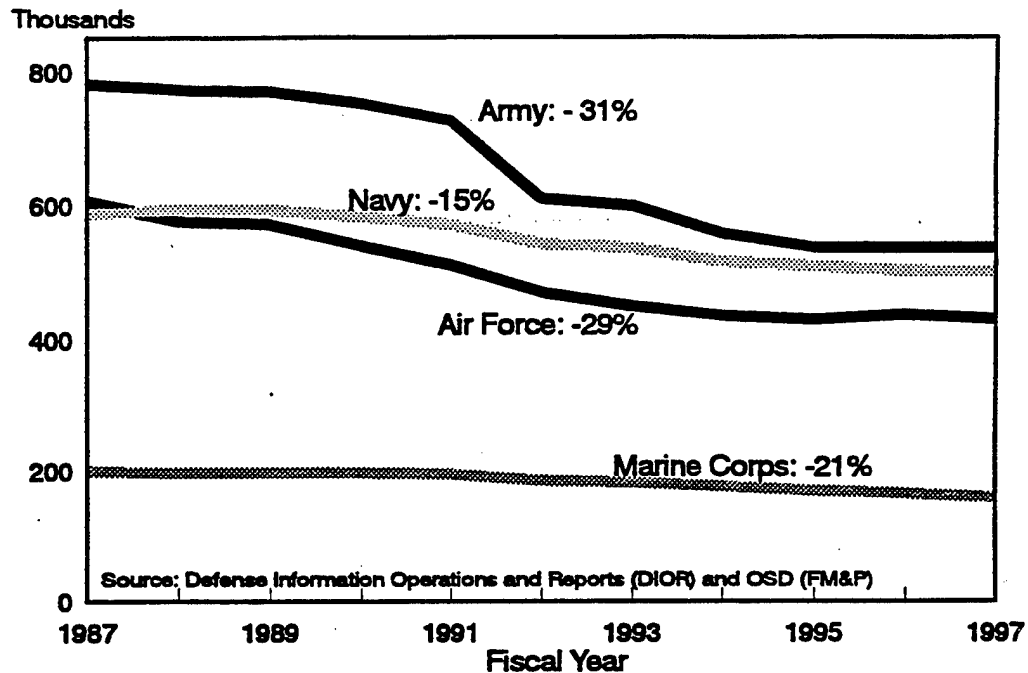
The summary of the active duty and reserve force reductions which follows provides a quick reference to put the discussions in the remainder of this annex in perspective. More detail on the magnitude and rate of military strength reductions is contained in Annex A to the Defense Conversion Commission's main report.¹

Active Duty Reductions

The active duty military forces began their drawdown in FY1987 and by FY1997, under current plans, will have reduced total DoD active force levels by 25%. The Army and the Air Force are undergoing the largest active duty reductions, a 31% cut for the Army and 29% for the Air Force. Together they constitute 76% of the total DoD reductions. The Navy and the Marine Corps have smaller drawdowns programmed (15% and 21% respectively).

Barring further strength cuts, the total DoD drawdown was two-thirds complete at the end of FY1992. The Army and Air Force began their cuts in 1987 and at the end of FY1992 the Army had completed 70% of its drawdown and the Air Force had completed 77%. The Navy started its force reduction in FY1989 and at the end FY1992 had completed 52% of its programmed cuts. The Marine Corps began its reductions in FY1987 and by the end of FY1992 had completed 37% of its cuts. The preceding, and Figure J-1, show that the active duty military is well into its drawdown. As will be discussed in this annex, this has already required the aggressive use of a wide variety of force reduction measures.

Figure J-1
Active Duty End Strengths, 1987 to 1997



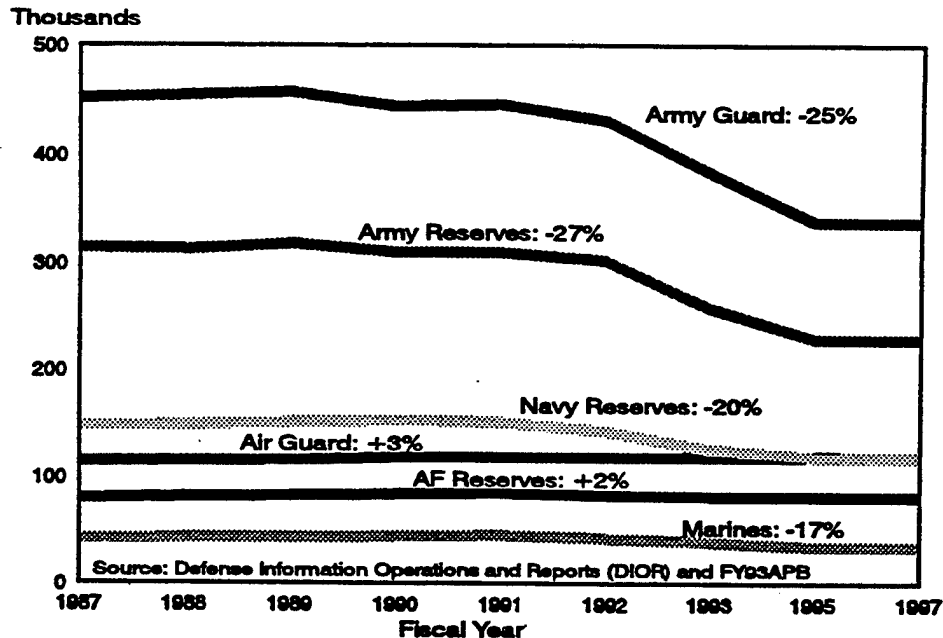
Selected Reserve Force Reductions

The Department of Defense has programmed a force reduction of 21% by FY1997 for the Selected Reserves from their peak in FY1989. However, as discussed in the Commission's main report (page 58), those reductions were scaled back by Congress in the FY1993 National Defense Authorization Act. The largest programmed reductions are in the Army Reserve and Army National Guard. At the end of FY1992, the Selected Reserve had accomplished 14% of the reductions currently planned for FY1997.

In the FY1993 National Defense Authorization Act the Congress added back 73,200 of the 112,800 reductions programmed for the Selected Reserves in FY1993.

Figure J-2

Selected Reserve End Strengths, 1987 to 1997



Downsizing Strategy - Active Duty

Since the beginning of the reductions in 1987, the Services have sought to avoid involuntary separations of personnel not eligible for retirement as a means of achieving personnel force reductions. There are two reasons for this policy: the demoralizing effect of involuntary separations and the basic concept that there is a two way commitment between the military member and the U.S. Government. The military member makes a commitment to serve his or her country despite personal inconvenience and danger. Service leadership and the U.S. Government make a commitment to afford the military member a degree of career security.

Some number of involuntary separations are always present in military personnel management; for example, separations for quality or discipline reasons or failure to complete training, officer separations for failure to be promoted to grades O-2 through grade O-4, enlisted personnel not attaining the pay grade required to progress beyond established tenure points, and denial of reenlistment requests because of quality shortcomings or surplus manning in specific skills. Thus, the Services' objective has not been to eliminate involuntary separations, but to avoid increased

involuntary separations due to strength reductions to the maximum extent possible, particularly through a central Reduction-in-Force (RIF) action. To do this, the Services have reduced accessions (recruitment), liberally granted voluntary early releases, and waived various commitments for further active duty. The Services, especially the Army and the Air Force, have also conducted a series of Selective Early Retirement Boards (SERBs) to reduce the size of the retirement eligible population. These programs and other measures will be discussed in more detail.

The policies and programs the Services have employed since the outset of the reductions very closely approximated the drawdown guidance Congress provided in the FY1991 National Defense Authorization Act (NDAA). Section 402 of the FY1991 NDAA added Section 1161, *"Uniform Process for Implementing Reductions in Strength"* to Title 10 USC. This new section established the following personnel management priorities during the period of the drawdown:

1. Reduce new (non-prior service) accessions first.
2. Reduce the portion of the force with more than 20 years of service by increasing retirements.
3. Limit the numbers of personnel with between 2 and 6 years, that is, limit the numbers entering the career force.
4. Involuntary separations are a last resort to be used only after the preceding measures have been taken.

In January 1991 the Office of the Assistant Secretary of Defense (Force Management and Personnel) issued similar policy guidance in a memorandum entitled "Regulations on a Uniform Process for Implementing Strength Reductions." As will be seen in the remainder of this annex, the Services have adhered to both Congressional and OSD guidance.

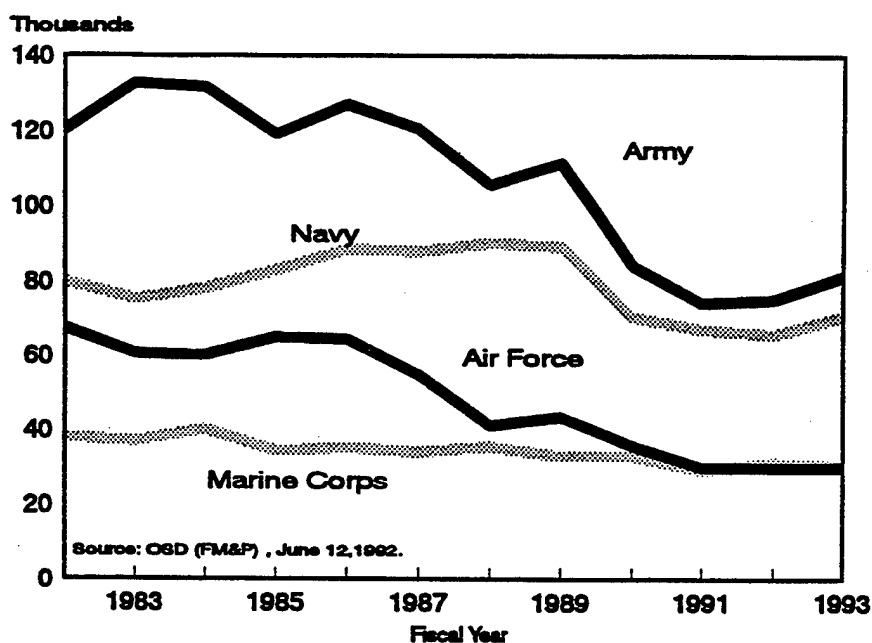
Accessions and Separations - Active Duty

Accessions

As already noted the Services had begun to reduce accessions prior to Congressional and OSD guidance in 1991. Figure J-3, shows that this trend has continued, which is fully consistent with OSD and

Congressional guidance. The most significant changes have occurred in the Army and the Air Force because those two Services are experiencing the greatest reductions in force levels. All Services have planned for continued lowered accession levels throughout the period of the drawdown.

Figure J-3
Active Duty Accessions, 1982 to 1993



As discussed in the main report (page 53), the net impact of these reductions among all the Services is that 100,000 fewer high school graduates annually will receive military training and become eligible for GI Bill education benefits.

Separations

As a result of reduced accessions from 1987 onward, total separations from the military started declining after reaching a peak in FY1992. In fact, absent substantial changes in currently programmed endstrengths, separations are planned to remain below the levels experienced in the 1980s for the remainder of the 1990s (Figure J-4).

Figure J-4

Total Active Duty Separations (Includes Retirements), 1987 to 1997

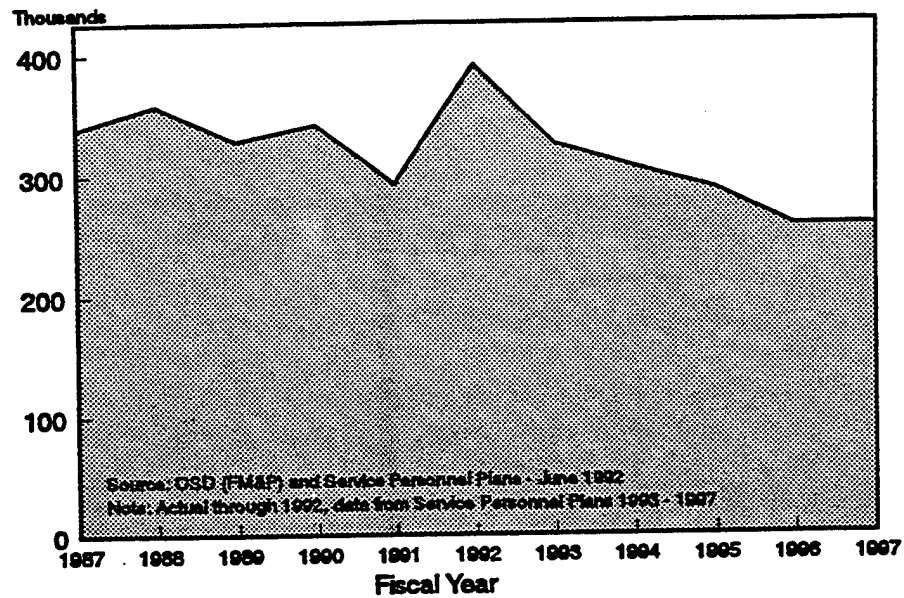


Figure J-5

Separations by Service, 1987 to 1997

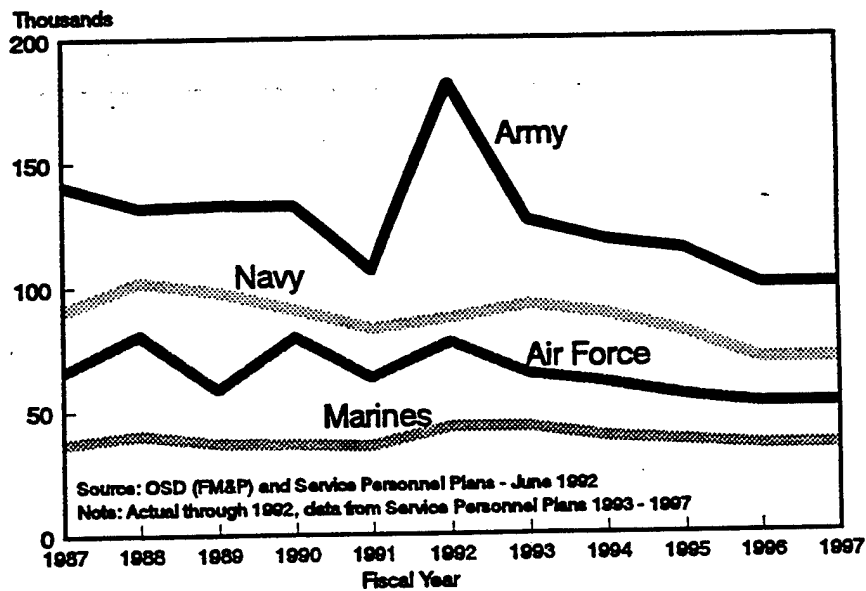
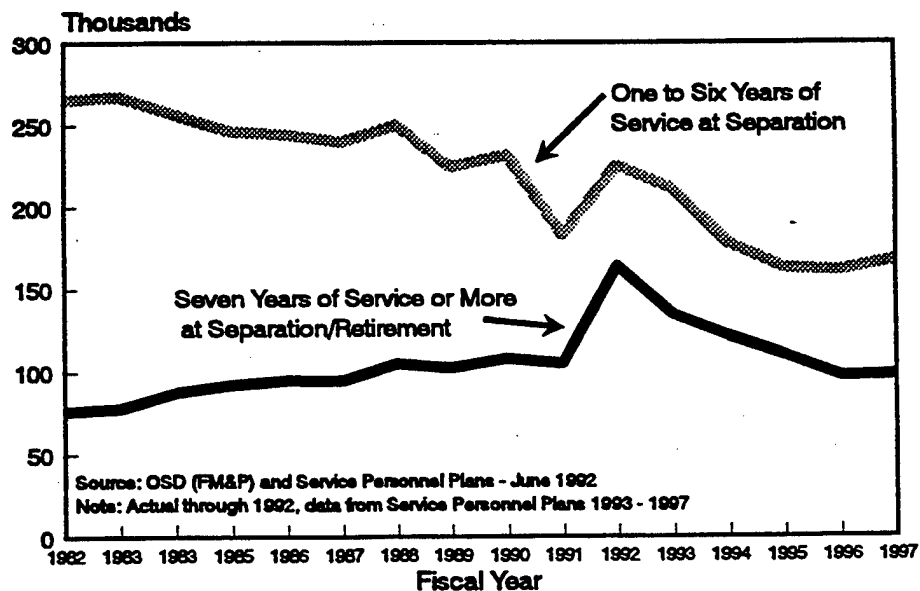


Figure J-5 shows the separation levels for the individual Services, with the greatest changes occurring in the Army. The large drop in FY1991 was due to the imposition of "Stop Loss" during Desert Shield/Desert Storm. "Stop Loss" was a program under which the individual Services retained on active duty, or in the Selected Reserve, service members critical to the execution of Desert Storm who would have otherwise separated. The increases in FY1992 were the result of the termination of "Stop Loss" as well as liberal waivers of service commitments and other initiatives to encourage rapid losses to meet the FY1992 endstrength. These will be discussed in the next section.

Separations, as a general term, refers to any departure from the military service. It is also often subdivided into "separations" meaning departures prior to retirement eligibility and "retirements." While total separations are planned to decrease for the foreseeable future, this is not true for all segments of the force (i.e., first term, career, and retirement eligible). Figure J-6 shows that first termers (1 to 6 years of service) are the predominant factor in total separations. Separations in this segment of the population continue to decrease because of reductions in new accessions beginning in the mid-1980s. However, because of increased

Figure J-6

Total Active Military Separations by Years of Service, 1982 to 1997



emphasis on force reduction measures affecting the "career" population, career separations will continue at high levels and retirements will actually increase. Because the Senior NCO and Lt Colonel or Colonel retiring with 22 or 25 years service have different transition needs than the separating first term, this changing composition of military losses will need to be taken into account in shaping military transition programs.

Programs to Increase Separations

Programs designed to increase separations are generally grouped into voluntary and involuntary categories. The Services have aggressively implemented policies to maximize voluntary losses, particularly waivers of active duty service commitments from training or relocation and accelerated or simplified separation processing. In the FY1991 National Defense Authorization Act Congress also granted temporary authority for the period of the drawdown to waive a portion of the time-in-service and time-in-grade provisions established for officer retirements by the Defense Officer Personnel Management Act of 1980 (DOPMA).

The ongoing involuntary force quality control measures discussed earlier in this annex were also made more stringent. Controls which limited enlisted career force entry in total and/or by skill were established. Officer promotion opportunity was lowered. Lower promotion opportunity results in increased retirement and separation losses because the military Services have, by law, an "up or out" policy wherein maximum tenure is invoked unless an officer is promoted to the next grade. The maximum tenure for most career enlisted grades was lowered by as much as three years. Finally, all Services increased officer retirement losses through use of the authority contained in DOPMA to conduct Selective Early Retirement Boards (SERBs). SERBs can centrally select up to 30% of the eligible population for early retirement each year, sometimes well before the normal tenure point for their grade. For example, a Lt Col/Commander normally has tenure to 28 years service, but can be "SERB'ed" and required to retire with as little as 20 years service. Because there is no credit for the unserved years, early retirement for the military member results in substantially lower retired pay and is generally a very unwelcome foreshortening of career expectations. As Table J-1 shows, the Army and Air Force were first to use this authority and have used it more vigorously than the Navy and the Marine Corps. In addition to these officer SERBs, the Army and Marine Corps have conducted enlisted SERBs, selecting 58 senior NCOs in FY1991 and 232 in FY1992 for early retirement. The Navy's first enlisted SERB is in FY1993.

Table J-1*Service Use of Officer Selective Early Retirement Boards (SERBs)*

	Army	Air Force	Navy	Marine Corps
Number of Involuntary Early Retirements	2900	2100	800	300
First Use of Authority for Drawdown	FY1988	FY1988	FY1991	FY1991

Source: OSD (FM&P)

Voluntary Separation Incentive/ Special Separation Benefit (VSI/SSB)

In spite of the aggressive use of the measures discussed above, the magnitude and pace of the reductions was so great for the Army and Air Force that as the end of FY1991 approached, those two Services were still faced with the virtual inevitability of involuntary separations boards (RIFs) affecting as many as 55,000 mid-career officers and enlisted personnel to meet the FY1992 and FY1993 endstrengths. In a July 1991 letter to Congress, the Secretary of Defense requested authority to offer a new incentive to induce more voluntary separations called the Voluntary Separation Incentive (VSI). VSI featured a stream of annual payments for a period of twice the length of time served at the time of separation. In the FY1992 Defense Authorization Act, Congress granted that request (section 661) and also provided the authority for a lump-sum separation incentive (section 662), the Special Separation Benefit (SSB).

All four military Services used these new authorities to eliminate or greatly reduce the need for involuntary separations and/or to align personnel inventories more closely with changing requirements. In FY1992, over 330,000 people were offered VSI/SSB and 65,000 accepted these separation incentives. The total funding for these two programs was \$1.6 billion in FY1992. Table J-2 summarizes service use of VSI/SSB in FY1992 (FY1992/93 for the Air Force since they conducted a consolidated two-year program).

Table J-2*VSI/SSB Program by Service - FY1992 (FY92/93 for Air Force)*

Service	Total VSI/SSB Separatees	Percent of Total DoD Program
Army	31,400	48%
Navy	4,100	6%
Marine Corps	1,000	2%
Air Force	28,500	44%
DoD Total	65,000	100%

Source: OSD (FM&P)

Although the law permitted the Services to offer VSI/SSB to any officer or enlisted person who had 6 or more years service on December 5, 1991 (the day of enactment into law), the Services each tailored the programs according to their need to avoid RIFs and/or align skills. Additionally, the Army, Navy and Air Force did not offer VSI/SSB to the most junior enlisted personnel. Because enlisted personnel continue to separate at substantial rates up to the 10 year point it was felt that too many of the VSI/SSB payments would be going to members who would have left voluntarily without incentive. Officers have substantially lower loss rates after the 6 year point than enlisted, so VSI/SSB could be offered to officers in the Army and Air Force at that earlier point without excessive "economic rent". Table J-3 provides a summary of how the Services employed the VSI/SSB programs in its first year. Together, VSI/SSB were highly effective in their first year. They made it possible for the Army to cancel their RIF of Captains, the Air Force to cancel their enlisted RIF, and both those Services to make substantial reductions in their remaining officer RIFs. The Army was able to reduce its FY1992 RIF of Majors from 875 to 250 and the Air Force reduced its FY1992/93 Lieutenant and Captain RIF from 5700 to 1600. Of the approximately 65,000 that accepted these separation incentives, about 85 percent elected the SSB lump sum option, even though the present value of the VSI stream of payments is between two and three times greater (depending on grade and years of service of the applicant). This strong preference for SSB lump sum indicates a high personal discount rate among the takers since it takes approximately a 17% discount rate to equalize the SSB payment with the present value of VSI payments. Also, in FY1992 there were substantially

Table J-3.***Service FY1992 VSI/SSB Program Structure (FY92/93 for Air Force)***

Service	Officers	Enlisted	Major Exceptions (Not offered to these skills)
Army	Offers: 42,600 Years: 6 - 20 Grades: All Skills: Most	Offers: 90,000 Years: 7 - 20 Grades: Selected Skills: Selected	No Medical Skills
Navy	None	Offers: 33,000 Years: 10 - 20 Grades: E-5/E-6 Skills: Selected	No Officers No Medical Skills
Marine Corps	Offers: 3,000 Years: 15 - 20 Grades: 0-4 / 0-5 Skills: Selected	Offers: 4,000 Years: 6 - 20 Grades: Selected Skills: Selected	(Only offered to selected skills)
Air Force	Offers: 38,000 Years: 6 - 20 Grades: All Skills: Most	Offers: 120,000 Years: 9 - 20 Grades: All Skills: Most	No Medical Officers, Lawyers, and Chaplains. No Pilots in grades 0-1 to 0-3.

Source: OSD (FM&P)

fewer transition benefits (transition health care, Commissary & Exchange, etc.) for VSI takers. Congress equalized those benefits in the FY1993 Defense Authorization Act.²

Looking to the future, from Tables J-2 and J-3 it can be seen that the Army and Air Force have offered VSI/SSB most broadly among the Services. They also enhanced the response to these offers by announcing their intent to RIF if sufficient numbers did not take VSI/SSB and by lowering enlisted High Year of Tenure (HYT). Thus, in these two Services, most of the people that were predisposed to respond favorably to some added incentive to separate have now departed and additional losses will be harder to get. All Services are currently evaluating the desirability of using the new 15-year retirement authority.

As discussed on page 57 and 58 of the main report, programs like the VSI/SSB and the 15 year retirement are force structuring tools and should not be confused with Transition Assistance.

Active Duty Military Transition Programs

Background

The Services and the Department of Labor (DoL) initiated transition programs shortly after the drawdown began. The Department of Labor conducted a pilot program with the Army at Fort Bragg, North Carolina in 1987 and by 1990 the Army had established prototype transition assistance programs at seven locations. The Air Force conducted a test transition program for retirees at two bases in 1987 and expanded that test to approximately 20 bases before it was terminated in 1988. The other Services had similar in-house programs targeted primarily toward retirees. The Office of Transition Support and Services was established in the Office of the Secretary of Defense (OSD) in 1990 to standardize and assist individual Service efforts under the project name Operation Transition.

Legal Requirements

The FY1991 National Defense Authorization Act (NDAA) provided a major impetus to the existing transition assistance programs. Section 502 of that Act added Chapter 58 to *Title 10 U.S.C.* which required the Department of Defense and the Military Services to establish transition assistance programs for active military and their spouses. Some of the key services and benefits authorized or required are:

Services:

- Pre-separation Counseling, to include:
 - Educational opportunities and benefits
 - VA services and benefits
 - Procedures for and advantages of affiliating with the Selected Reserve
 - Information on Government and private-sector job search assistance programs
 - Job placement counselling for spouses
 - Relocation assistance services
 - Availability of medical and dental care after separation
 - Effects of career change on member and dependents
 - Financial planning assistance

-
- Military Skills Verification; a document certifying job skills and experience gained in the military (in conjunction with the Department of Labor)
 - Permanent Employment Assistance Centers
 - Procedures to provide prospective civilian employers information on separating service members and their spouses
 - Transmittal of medical records to the Department of Veterans Affairs (DVA) in instances of medical separations

*Benefits:*³

- Transitional Health Care Benefits and Conversion Health Policies
- Two year's use of Commissaries and Exchanges following separation
- Six months in military family housing after separation (at fair market rental)
- Permissive temporary duty to find jobs and relocate households
- Priority affiliation with Guard and Reserve
- Completion of dependent's final year of secondary school in Department of Defense Dependent Schools (DoDDS)
- Relocation assistance for personnel overseas, including computerized job search information
- Employment preference by Nonappropriated Fund Instrumentalities (clubs and recreation centers, child care facilities, etc.) for military members (preference already afforded to spouses in Military Family Act of 1985).

DoL was also tasked under section 502 of the FY1991 National Defense Authorization Act to establish a program of employment and job training assistance and other transition services. The program is required to have the following elements:

- Information on employment, training assistance, and labor markets
- Civilian workplace requirements and employment opportunities
- Instruction in resume preparation
- Job analysis, job search, and interview techniques
- Information on Federal, State, and local veteran's assistance programs
- Assistance in obtaining loans and grants from the Small Business Administration and other Federal, State, local agencies

-
- Information on geographical areas to which the departing servicemember may relocate
 - Promote and publicize Job Fairs

The FY1993 National Defense Authorization Act added to and modified existing transition assistance programs for separating and retiring military members. The provisions of the FY1993 NDAA are addressed in considerable detail in Annex I, *Analysis of Defense Conversion Legislation*, to the Defense Conversion Commission's main report. However, some of the key new authorities pertaining to active duty military are summarized below:

- *Section 4401*: Requires the pre-separation counseling described above to be conducted no later than 90 days before separation and adds the requirement for the creation of an individual transition plan for the member and his or her spouse. Other sections of law add to this counseling requirement the need to provide information on employment as a teacher or teachers' aide and information on public and community service jobs.
- *Section 4403*: Provides discretionary authority until 1995 to offer retirement at a reduced annuity to active duty military with between 15 and 20 years of service.
- *Sections 4407 and 4408*: Improve transitional health care programs for separating military and their families.
- *Section 4441*: Provides discretionary authority to establish programs to assist separating military with six or more years service to obtain certification and employment as teachers or teachers aides (adds Section 1151 to Title 10 USC).
- *Section 4462*: Requires DoD to establish a registry of service-members and former servicemembers who desire employment in public and community service jobs. It also requires DoD to maintain a registry of public service and community service organizations that want to hire military/former military members.
- *Section 4463*: Provides discretionary authority to grant up to a one year leave of absence for military members who want to participate in training leading to public and community service.

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- *Section 4464*: Provides authority to recompute retired pay at age 62 for members who retired early under section 4403 (above), granting up to five years credit for community and public service.
 - *Section 4465*: Provides broad authority for skill training and adjustment assistance to involuntarily separated military members or members who separated under the VSI/SSB incentive programs.
 - *Section 4466*: Provides authority for the DoD to assist former service members who want to participate in the Department of Education's "Upward Bound" college preparation program.
 - *Section 4468*: Requires the DoD to establish a program to expand the services of, and provide access to, the Interstate Job Bank for former military members.
 - *Sections 4484 - 4496*: Requires DoD to establish a job training program for former servicemembers whose military skills do not transfer readily to civilian occupations. This requirement can be carried out in conjunction with the Departments of Labor or Veterans' Affairs

Compliance

In the relatively short period of time since enactment of the FY1991 Defense Authorization Act, the Department of Labor, OSD, and the Services have complied with the transition program requirements contained in that law. This was an enormous undertaking and they are to be commended for its accomplishment. Its achievement was facilitated by the fact that the Services built their current transition programs on a base of pre-existing programs, especially those to help military spouses find employment. OSD has approved Service budgets totalling nearly \$60 million annually, enabling the Services to open over 350 employment assistance centers or transition assistance centers where service members and their spouses can receive assistance. Nearly 900 new civilian positions have been authorized and staffed to operate these transition centers.

Thus far about 3,500 employers have indicated their interest in hiring DoD personnel and their spouses by registering for Operation Transition programs. Over 55,000 servicemembers, their spouses, and DoD civilians have submitted their mini-resumes for listing on the DoD Defense Outplacement Referral Service (DORS), a computerized system available

to private sector employers and other federal and state agencies. As of January 1993 nearly 124,000 copies of these mini-resumes had been referred to employers. A standardized DoD document, Verification of Military Experience and Training (VMET) is now provided to all departing military members. The VMET verifies military experience, training, civilian equivalent job titles, and recommended educational credits for military training. It assists the ex-servicemember in verifying skills and training to potential employers, resume' preparation, negotiating educational credits with civilian colleges, and obtaining certificates or licenses. Since April 1992 over 176,000 VMETs have been issued.

The DoD has also established its own computerized job bank, the Transition Bulletin Board (TBB). A January 1993 "snapshot" of TBB listings showed some 1,400 jobs listed on that computer data bank. In addition, DoD is working with DoL to provide access to the Interstate Job Bank at military locations worldwide. Table J-4 captures some additional aspects of the DoD's transition assistance programs, but the total scope of these activities is too extensive to document in a single table. More specific information on each individual program can be found in Annex G to the Commission's main report.⁴

Table J-4.
Selected Statistics for Service Transition Programs

	FY1992 Budget¹	Total Locations	Overseas Locations	Employees Authorized
Army ACAP² and ACS³	\$34.5M	62 ACAPs 66 ACSs	18 ACAPs 36 ACSs	325
Navy	\$10.5M	85	18	259
Marines	\$2.6M	18	2	56
Air Force	\$11.4M	119	34	238
DoD Total	\$58.9M	350	88	878

Source: OSD (FM&P)

Note:

1. Transition programs only, does not include relocation programs funding
2. Army Career Alumni Program
3. Army Community Services. Provides DORS, TBB, and basic transition services only

The Department of Labor's military Transition Assistance Program (TAP) is administered by the Office of the Assistant Secretary for

Veteran's Employment and Training (VETS). TAP was authorized by Public Law 101-510, Section 502, which established a partnership between DoD, DVA, and DoL to provide employment information and training to departing servicemembers and their spouses. TAP is a comprehensive three day workshop that takes place at more than 185 military installations within the continental U.S. (it is not funded for overseas operations). The workshops cover job search strategies, career decision making, current occupational and labor market conditions, an evaluation of the participant's employability, and veterans' benefits. Servicemembers with service-connected disabilities are offered the Disabled Transition Assistance Program (DTAP) which, in addition to the normal TAP workshop topics, has four hours assistance on job readiness and the special needs of disabled veterans.

VETS budget for TAP was \$4.0 million in FY1991, \$1.65 million in FY1992 and \$3.17 million in FY1993. In FY1992 almost 2,500 TAP workshops were conducted, attended by nearly 120,000 members and spouses. DoL anticipates that there will be approximately 3,000 TAP workshops with over 123,000 attendees in FY1993. The workshops are conducted by DoL state-level employees, Local Veterans Employment Representatives (LVERs) or Disabled Veteran Outreach Program specialists (DVOPs), operating under the policy oversight of DoL VETS. Workshop facilitators are trained at the National Veteran's Training Institute (NVTI) in Denver, Colorado. During FY1992 NVTI also trained more than 500 military transition program managers from individual Air Force, Navy and Marine Corps bases worldwide. Reaching servicemembers not able to attend TAP workshops remains a concern. Therefore VETS, in cooperation with OSD, is producing a videotaped program series that will include a specialized TAP workbook, similar to the regular attendees manual.⁵

Compliance with the new provisions for active duty transition programs contained in the FY1993 National Defense Authorization Act is now being addressed by OSD, DoL, DVA and the military Services.

Measures of Effectiveness

The statistics cited in the preceding section and Table J-4 above are measures of activity, not measures of goal achievement or success. As already noted, the requirements of the FY1991 National Defense Authorization Act have been complied with, but that legislation did not establish quantifiable measures of success (or require their establishment). However, as discussed on pages 55 and 56 of the main report, the Commission believes transition services, and their effectiveness for the

military members and spouses, could be improved through establishment of clear-cut statements of program goals and mechanisms to monitor the achievement of those goals. A key milestone will be the publication of DoD and Service regulations pertaining to the Transition Programs. OSD (FM&P) has initiated that process and has set a target of January 1994 for publication. The General Accounting Office (GAO) and DoD Inspector General (DoD IG) are evaluating existing transition programs with results of these reviews due in the March 1993 time frame. The results of all of these reviews should be very useful in setting program objectives and measures of effectiveness.

Permanence of Transition Programs

Although the Services have made a substantial commitment of resources and effort to establishing these transition programs, the Commission is concerned about their permanence. The Defense Conversion Commission recommended that successful transition assistance programs be made permanent (page 56 of main report) with the caveat that they should not be made permanent until the DoD and the Military Services establish clear justification and quantifiable measures of effectiveness for their programs.

The Army appears to have made a strong commitment in this regard. From the outset, the Army Career Alumni Program (ACAP) was envisioned as part of an institutional "life cycle" commitment to soldiers which included recruitment and classification, job training, retention, promotion, and retirement, with "outplacement" assistance for those who decided to separate prior to retirement or at retirement. The other Services do not appear to have made this firm a commitment to the permanency of the program. OSD and Service transition program managers expressed concern that these programs would fall by the wayside as the rate of drawdown decreases and competing demands for scarce defense dollars intensifies. In FY1992, the Transition budget was "fenced" money, that is, it could be used only for transition programs. Although the FY1993 Appropriations Act clearly earmarks money for active duty transition programs, it is not specific as to which elements of a transition program will be funded or how the funding will be administered. There is general consensus among OSD and Service program managers that continued centralized funding from OSD is essential to establishment of permanent DoD transition programs. The Operation Transition programs (VMET, DORS, TBB, and overseas Job Fairs) are now centrally funded at the OSD level. OSD and the military Services have worked together to create these programs which have been well received by employers as a practical and

effective manner of dealing with the DoD for their employment needs. It would not be as efficient a use of resources to duplicate these centrally funded programs in the individual Services.

With regard to job assistance programs, section 1143 of the FY91 NDAA required DoD to establish "*permanent employment assistance centers.*" In section 1143 of that same law, DoL was required to establish "*and maintain a program to furnish counselling, assistance in identifying employment and training opportunities, help in obtaining such employment and training ... to members ... separated from active duty and the spouses of such members.*"

While the number of separations in the remainder of the 1990s is expected to be lower than those in the prior decade, substantial numbers will continue to leave the military each year. Throughout the drawdown, the military services will separate and retire an average of 300,000 active duty service officers and enlisted personnel annually. Even after the drawdown, when endstrengths stabilize, this number is expected to remain at about 240,000 annually.

Military people have certain advantages in the job marketplace; they are, on average, better trained, educated, and disciplined than their civilian counterparts. However, they also have three distinct disadvantages in seeking and securing civilian employment:

- Most have never "competed" in the civilian labor force for a job and even those that have, have not done so for at least three or four years and many for as much as 20 to 30 years.
- Most military members live the majority of their daily lives in a largely separate society and have not established the civilian "networks" that are key to successful job hunts.
- Many military members are currently assigned great distances from the job markets they want to enter, and a substantial portion are either "afloat" or overseas.

The language in Section 1143 (b) of the FY1991 National Defense Authorization Act and the factors listed above, make it clear that the DoD has a continuing institutional obligation to help its departing members return to the civilian workforce upon separation or retirement. This obligation exists independent of the current force downsizing.

In this light, the Defense Conversion Commission recommended that transition programs which assist in the process of transferring from military to civilian careers (for example, the employment assistance centers, pre-separation counselling, skills and training verification, and transitional health care benefits) should be made permanent, and that programs that respond more to the problems associated with the personal turbulence created by force drawdowns (involuntary separations and shorter than normal separation notification) should not be made permanent. Examples of this type assistance are continuing commissary and exchange privileges and authorization to occupy government housing after separation.

Overseas Programs

As shown in Table J-4, of the over 350 Employment Assistance Centers in the military, 88 are overseas. While this gives fairly good coverage of the overseas military population, there remain some unique problems overseas.

- The DoL TAP program is not available overseas (DoL is not authorized to have employees permanently assigned in foreign countries). This has been accommodated to some degree in the Navy, Marine Corps and Air Force by sending their local installation level transition center employees to DoL's National Veterans Training Institute (NVTI) in Denver. NVTI trains DoL's TAP seminar leaders and, while all Service transition program managers have expressed high satisfaction with the NVTI program, it is expensive to send local program managers from overseas locations.

- DVA, like DoL, has no counselors permanently assigned overseas. To compensate, VA literature has been provided to the overseas centers. VA counsellors from the US have accompanied OSD Transition Office personnel on a few traveling presentations in Europe and the Pacific, but these reach only the limited locations visited. DoD is negotiating with DVA to provide six counselors to serve on six month rotational overseas tours.

- Separatees overseas have limited access to prospective employers and numerous job fairs being conducted in the United States. Some employers and The Retired Officers' Association (TROA) and NCO Association have presented job fairs in Europe and the Pacific. While these were in locations with large military populations, such

as Frankfurt, Germany, they were of limited help to the majority of overseas service members, especially those in remote locations.

Recognizing these shortcomings, the Assistant Secretary of Defense (FM&P) and DoL VETS have made several improvements for members overseas. A DoD "Transition Tool Kit" is now available for use overseas. Overseas sites that do not have DORS computer connectivity can enter their resumes by mail. The Transition Bulletin Board (TBB) is downloaded periodically and mailed to sites not on the network. The Army has less of a problem overseas because they use their contractor to conduct most of their "outplacement" seminars (vs. DoL TAP, although they do use DoL TAP to some degree in the U.S.). Their contractor is currently operating outplacement seminars in 18 overseas locations.

Additional improvements for members overseas were announced in a July 9, 1992 Assistant Secretary of Defense (FM&P) memorandum "Overseas Transition Assistance Initiatives". Some of the key changes announced in that memorandum:

- VSI/SSB takers, involuntary separatees, and retirees overseas can take 30 days permissive travel for job and residence search. This is 10 more days than afforded their counterparts stationed in the continental U.S. (CONUS).
- Dependents of separating service members overseas may take one roundtrip to the nearest aerial port in the CONUS on military aircraft on a "space-available" basis. Their sponsor is not required to accompany them (normally a requirement for dependent "space-available" travel).
- Military members can separate at the military processing unit closest to their desired final destination (as opposed to separating overseas or at an aerial port)
- DoD will fund air travel for civilian employers to participate in overseas Job Fairs

While the measures discussed above have improved the situation for members overseas, they still remain at a substantial disadvantage compared to military members in the CONUS. The following improvements were recommended by the Commission (page 57 of the main report):

-
- Priority for overseas members to attend DoL TAP seminars at bases in the CONUS when on their 30-day permissive travel
 - Authorize DoL and DVA personnel to conduct TAP and DVA seminars overseas
 - Continue funding and encouraging private employers to conduct overseas job fairs

RESERVE TRANSITION PROGRAMS

Legal Requirements

The Senate report to accompany S. 3114, the FY1993 Defense Authorization Bill, expressed concern with the impact of the drawdown on Selected Reserve. In sections 4411 through 4422 of the FY1993 Defense Authorization Act, Congress provided a broad range of transition separation pays and benefits for members of the Selected Reserve. Some of these were mandatory, others discretionary. Section 4414 states the purpose of these provisions: *"... to ensure that members of the Selected Reserve are treated with fairness, with respect for their service to their country, and with attention to the adverse personal consequences of Selected Reserve unit inactivations,...."* The FY1993 Defense Appropriations Act contained \$40 million for Reserve transition programs.

The following provisions in the FY1993 National Defense Authorization Act are mandatory:

- No involuntary separations from Selected Reserve are permitted until the Secretary of Defense publishes and delivers to the Congress regulations governing the treatment of members in deactivating units or otherwise subject to involuntary discharge (*Section 4413*). Minimum provisions of the plan (*Section 4414*) are as follows:
 - Priority over non-prior service personnel to join other Selected Reserve units (including those of other Services) for Selected Reservists in closing units.

- Service Secretaries will ensure that reservists are informed of the rights and benefits for Selected Reservists affected by drawdown/unit inactivation.

- Full-time Guard and Reservists are eligible for active duty VSI/SSB (*Section 4422*)

The following provisions in the FY1993 National Defense Authorization Act are discretionary.

- Authority to conduct involuntary separation (SERB) of officers with 20 or more years creditable service and voluntary separation of officers/enlisted with 20 or more years creditable service (*Section 4416*).

- Also authorized separation payments of 5% to 10% of base pay for five years or until retired pay starts at age 60 for above categories of people (Examples: O-5 at 25 years receives \$4024/year, E-8 at 22 years receives \$1755/year).

- Authority to offer voluntary early qualification (15 to 19 years service) for retirement benefits at age 60 at reduced annuity payments (*Section 4417*).

The following authorities are mandatory, subject to the provision in *Section 4421* that the Service Secretaries or the Secretary of Defense "may limit the applicability of a benefit provided under sections 4418 through 4420 to any category of personnel defined".

- Involuntary separation of Selected Reservists with 6 to 19 years service and payment of one time lump-sum payment (*Section 4418*). Examples of payments: An E-6 could receive between \$1455 and \$3025 dependent upon years of active and reserve service, an O-3 could receive between \$2790 and \$5800.

- Continued Montgomery GI Bill entitlement (*Section 4419*)

- Two years commissary and BX privileges (*Section 4420*)

In the main report the Commission has noted that these authorities are a mixture of both force structuring provisions and transition programs. The Commission expressed its concern that the transition needs of Selected Reservists are not as great as those of an active duty member and that the

Secretary of Defense should evaluate these authorities in the light of the need to maintain readiness and the need to achieve the desired size and composition of the Selected Reserve. (pages 58 and 59 of the main Commission report).

Bottom Line

The active duty military Services are well into a 25 percent personnel reduction which began in 1987 and is currently planned to end in 1997. Congress has provided clear guidance and priorities as to how those military force reductions are to be made, with involuntary separations to be a last resort. To assist the Services in making the cuts, Congress has provided the authority for numerous new force management policies and programs. OSD and the Services have used these new programs to good advantage and have complied fully with Congress's drawdown guidance and priorities.

To help servicemen and servicewomen affected by the reductions, Congress has also authorized and funded transition services and benefits. OSD, DoL, DVA and the Services have done an excellent job of complying with the requirements laid out by Congress for transition assistance. However, people separating from the military overseas face unique transition problems and remain at a distinct disadvantage compared to those separating in the U.S. While OSD, DoL, and DVA have worked to overcome these problems, overseas transition assistance needs to be improved.

Although the numbers of separations will be lower in the 1990s than in the 1980s, even after the drawdown is completed some 240,000 servicemembers will continue to separate each year. Thus, transition assistance will remain a continuing obligation of the Department of Defense. The Defense Conversion Commission has recommended that assistance programs which assist in the process of career transition be made permanent and that assistance programs designed to deal with the turbulence of the drawdown be terminated at the end of the drawdown period.

ENDNOTES FOR ANNEX J

1. Annex A: *The DoD Drawdown: Planned Spending and Employment Cuts*, Logistics Management Institute report DC20R1.
2. More information on the VSI/SSB programs is available in the June 1992 DoD Report to Congress entitled *Assessment of the Voluntary Separation Incentive (VSI) and the Special Separation Benefit (SSB)*, January 1 - May 20, 1992.
3. In the FY1991 National Defense Authorization Act the first five of the benefits listed applied only to servicemembers who were involuntarily separated. The FY1992 and FY1993 National Defense Authorization Acts expanded these authorities to include people separating under the VSI and SSB programs.
4. Annex G: *Compendium of Programs to Assist the Transitions*, Logistics Management Institute Report DC201R3
5. More information on the TAP program is available in DoL's report *Transition Assistance Program: Early Program Experience*, November 20, 1992.

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