



INSTITUTE FOR DEFENSE ANALYSES

**Strengthening Employer Support of
the Guard and Reserve**

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the Guard and Reserve**

Glenn A. Gotz

PREFACE

This paper reports the work performed by the Institute for Defense Analyses for the Office of the Under Secretary of Defense (Personnel and Readiness), Office of the Assistant Secretary of Defense (Reserve Affairs) in fulfillment of the task entitled “Strengthening Reserve Component Employer Support.” An earlier draft of this paper was used by the Office of the Assistant Secretary of Defense (Reserve Affairs) in March 2002 to satisfy a Defense Planning Guidance-directed requirement for a study on this topic. The paper summarizes the available evidence about employer support of the Guard and Reserve and recommends a series of information-gathering activities to form a system for the early warning of employer-related recruiting, retention, and volunteering problems in the Selected Reserve. The paper also recommends the development of experiments for determining the efficacy of measures designed to offset the negative effects of employee-reservist call-ups on employers.

The author wishes to thank Colonel James Scott and Lieutenant Colonel Ian Ferguson of the Office of the Assistant Secretary of Defense (Reserve Affairs), the staff of the National Committee for Employer Support of the Guard and Reserve (ESGR), and several state ESGR committee chairmen for providing important information and insights, and James Hosek of RAND, who provided useful comments on an earlier draft of this paper.

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CONTENTS

Preface.....	iii
Summary	S-1
Strengthening Employer Support of the Guard and Reserve.....	1
Is Employer Support of the Guard and Reserve a Problem?	2
Lack of Statistical Data.....	3
Other Sources of Information	4
Areas for DoD Initiatives.....	6
Establish a Mandatory-Reporting Employer Database, Link It to Reserve Personnel Files.....	7
Obtain Timely Information for Early Warning of Problems	9
Provide More Timely Information to Employers	11
Decrease Uncertainty About Call-Up Frequency and Duration	12
Offset Employer Costs.....	13
Conduct Experiments and Demonstrations.....	15
Conclusions.....	16

APPENDIX

Reservist Employer Data Elements	A-1
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SUMMARY

Employer support of the Guard and Reserve is commonly believed to be necessary to ensure the availability and readiness of Reserve forces. And it is believed that the increased rate of Reserve member mobilizations has increased the challenge of maintaining strong employer support of the Guard and Reserve because Reserve call-ups create problems for reservists' employers. These problems include the difficulty and costs of replacing reservist-employees and uncertainty about when reservists will be called up and when they will return to work. And federal law requires many employers to make health care and retirement contributions for reservists who are called to active duty.

Unfortunately, there is no clear evidence about the extent and magnitude of these employer problems. Nor is there evidence on whether these problems lead employers to discourage their workers from joining the Reserves, remaining in the Reserves, and volunteering for active duty.

This study identifies specific areas for initiatives the Department of Defense (DoD) can take to determine if employer support of the Guard and Reserve is a problem or will become one. The study also identifies initiatives DoD can take to maintain or enhance employer support. These initiatives are as follows.

Establish a mandatory-reporting employer database. DoD should require reservists to identify their employers. A well-populated employer database—identifying reservists' employers and linked to Reserve personnel files—is essential for developing early warning indicators of employer support problems and taking the actions that might improve employer support. This database is also central to the successful conduct of the studies and experiments needed to evaluate the effectiveness of the actions.

Obtain timely information for early warning of problems. DoD should develop a short, frequently administered employer survey. The survey's purpose would be to uncover changes, warn of new problems, and identify reasons for changes in employer attitudes and behavior. The survey questions should be validated over time by linking employers' survey responses to the subsequent retention and volunteering behavior of the

employers' reservist-employees as well as to subsequent hiring of reservists by these employers.

Information gathered by the National Committee for Employer Support of the Guard and Reserve (ESGR) ombudsmen could serve as first warning of adverse trends in harassment, reemployment problems, lack of advance warning of call-ups, and other problems. Because callers to ombudsmen are unlikely to be representative of the population of reservists and employers, trends in specific complaints can only be suggestive and must be either validated or invalidated by other means. For example, the proposed survey could be fielded to a representative sample of employers in the potentially problematic area.

Provide more timely information to employers. DoD should notify employers about call-ups and activation for training as early as possible. With this information employers might be able to improve workload planning and lower costs, and reservist-employees might encounter less resentment from their immediate supervisors and coworkers. Early notifications should be relatively easy for annual training and for long lead-time deployments and exercises.

Decrease uncertainty about call-up frequency and duration. DoD should consider actions that would decrease employers' uncertainty about call-up duration and frequency. Setting definite deployment lengths and keeping to them appears to have value for employers. It might also help employers if call-ups and annual training were structured to avoid peak business periods—e.g., schedule for winter in northern tier states when it would be less likely to disrupt construction and other outdoor employment activities.

Offset employer costs. DoD should determine the magnitude of costs that reserve call-ups impose on the various types of employers (large/small, private sector/government, etc.). Reimbursing employers for at least some costs incurred might increase employer support of reserve call-ups. Reimbursements could offset costs incurred for overtime payments, temporary workers, and/or federally mandated health and retirement contributions. The amounts paid might be determined by formula—e.g., a fixed amount for each day a reservist is on active duty—or, at greater administrative expense, by actual costs incurred. And the payments might be direct or by tax credit, which would not apply to government and non-profit employers.

Conduct experiments and demonstrations. DoD should test or demonstrate the effectiveness of costly or potentially risky initiatives before implementing them

nationwide. For example, DoD should examine the retention and volunteering behavior of reservists working for employers who have been contacted by ESGR volunteers or who receive mailings from DoD versus the behavior of reservists who work for employers who have not been contacted. And DoD should run experiments to assess the costs and effectiveness of various strategies for offsetting employer costs attributable to Reserve call-ups.

The Quadrennial Defense Review argued, “DoD can no longer solely rely on such ‘lagging’ indicators as retention and recruiting rates ... by the time [they] highlight a problem, it is too late.” DoD should develop early warning indicators of Reserve recruiting, retention, and volunteering problems. It should have action plans for offsetting significant employer support problems if they are shown to exist or if early warning indicators predict them.

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STRENGTHENING EMPLOYER SUPPORT OF THE GUARD AND RESERVE

A successful reserve program depends upon recruiting, retention, and volunteering. It is likely that an important factor in sustaining these key personnel flows is employer support of the National Guard and Reserve components of the Selected Reserve—or at least lack of employer hostility to employee participation in the reserves.

The average number of duty days per Selected Reserve member per year increased from about 40 days per year in the mid-1980s to over 45 days per year since Fiscal Year 1999.¹ This increase in duty days is largely attributable to increases in reservists' direct support for operations and exercises. The increase was not spread evenly over the Selected Reserve; members of some units contributed significantly more days while members of other units saw no change in their level of participation. This greater intensity of use of significant numbers of Selected Reserve personnel raises a question about the likely impact on employer support of the Guard and Reserve.

It seems reasonable to expect that employees' absences from the workplace for significant blocks of time might impose financial costs on employers or cause morale problems among co-workers. But there is no systematically gathered information about the consequences of employee-reservist absences from the workplace. Absent this information, the Department of Defense (DoD) has no way to ensure that the current pace of Reserve call-ups doesn't turn employers against hiring reservists, or cause employers to discourage Reserve retention and volunteering.²

This paper discusses the types of data that would be useful in determining whether the more frequent movement of employee-reservists to active duty affects

¹ Source: OASD (Reserve Affairs), *Employment of Reserve Component Forces & Effects of Usage: A Profile of the Reserve Components 1986 – 2001*, unpublished briefing, n.d.

² It is easy to imagine, for example, an employer finding a reason not to promote a reservist-employee when the heart of the matter is the inconvenience of the employee's Reserve participation. It is just as easy to imagine an employer asking a job candidate about his or her membership in a Reserve component (RC), expressing great verbal support but subsequently finding an unrelated reason for not hiring the candidate. These types of actions can have consequences for those who are considering joining the RC or remaining with the RC.

employer support of the Guard and Reserve. The paper recommends a set of information-gathering activities linking objective employer information, employer survey responses, and reservist-employee retention and volunteering behavior to form a system for the early warning of recruiting, retention, and volunteering problems in the Guard and Reserve. The paper also recommends the development of experiments for determining the effects of measures to offset the negative effects of employee-reservist call-ups on employers.

IS EMPLOYER SUPPORT OF THE GUARD AND RESERVE A PROBLEM?

There is no evidence that employer support of the Guard and Reserve is a problem. Selected Reserve recruiting, retention, and volunteerism have not significantly declined. But even if they had declined, we wouldn't know if the declines were attributable to employer support problems, to reservists' own unhappiness with the frequency and duration of their active duty time, or to some other reason.

There are impressions and stories from the field—the opinions of some chairmen of state Employer Support of the Guard and Reserve (ESGR) organizations are summarized below—but there is no substantial body of evidence.³ And while information flowing in to ESGR ombudsmen may indicate problems, the collection of this information isn't sufficiently consistent and complete to tell us much.

It's likely that a principal problem facing small employers is the difficulty and costs of temporarily replacing reservist-employees. Uncertainty about when the reservists will be called up exacerbates this problem. Firms with large workforces in single locations plan for absences due to sick leave and vacations. Absorbing an extended absence may not be as difficult or costly for them as for small firms.⁴ However, even a large employer may experience problems if it has a significant number of reservists in the same called-up unit or if selected key employees are called up.

Another cost—pension benefits—may affect large employers more than small ones if large employers are more likely to contribute to employee pension plans. The

³ Each state has an ESGR organization that is associated with the National Committee for Employer support of the Guard and Reserve. “The [ESGR] is an agency within the Office of the Assistant Secretary of Defense for Reserve Affairs. It was established in 1972 to promote cooperation and understanding between Reserve component members and their civilian employers and to assist in the resolution of conflicts arising from an employee's military commitment.” See <http://www.esgr.org/about.html>.

⁴ This is informed speculation rather than something for which we have evidence.

Uniformed Services Employment and Reemployment Rights Act (USERRA) has the following pension benefits requirement: When a reservist-employee is demobilized and returns to work with the same employer, the employer must contribute to the reservist's retirement account *what the employer would have contributed* had the reservist not been called up.⁵ Thus, the employer is required to pay for services not received. Also, time on active duty counts toward vesting of employer's pension contributions. One company's human resources manager called this an "unfunded mandate" of the federal government.

Lack of Statistical Data

Systematically gathered statistical data are key to identifying the nature and incidence of problems. Also, the absence of statistical data precludes any analysis of the relationship of recruiting, retention, and volunteering to employer characteristics. For example, are the retention rates of local and state government employees higher or lower than those of private employers? Knowing the answer to this would help us determine the utility of tax credits—which would be ineffective for government employers—versus direct cash payments to employers in offsetting retention problems attributable to declining employer support.

The absence of statistical data also precludes systematic evaluation of the effects of congressional and DoD actions toward employers. These actions include USERRA provisions and ESGR committee activities such as "bosslifts" and "briefings with the boss."⁶

⁵ 38 U.S.C. 4301-4333. Text and discussion can be found on the World Wide Web at <http://www.esgr.org/userra0.html> and <http://www.dol.gov/elaws/vets/userra/>.

⁶ Bosslifts transport employers and supervisors to military training sites where they can observe their reservist-employees train. Briefings with the boss provide opportunities for local employers, unit commanders, ESGR members, and community leaders to discuss issues that may arise from employee participation in the National Guard and Reserve. See <http://www.esgr.org> for a description of ESGR activities.

Finally, the absence of statistical data on employers precludes any analysis of whether and how employer characteristics moderate the effects of the frequency and duration of call-ups on recruiting, retention, and volunteering.⁷

Other Sources of Information

We explored other, less systematic sources of information about problems. We interviewed six state ESGR committee chairmen and asked them to summarize the problems faced by the reservists and employers in their states. There was general agreement that uncertain timing and duration of call-ups hurts employers. And some mentioned that because of this uncertainty, some reservists were reluctant to inform their employers that they would be called up for active duty for fear that the call-up would not occur or would occur at a later time than initially announced. Indeed, it isn't clear that an inaccurate advance warning would be more useful to an employer than no warning.⁸ Some committee chairmen commented that they knew of employers who resent the increasing DoD demands on their workforces.

Regarding reemployment and promotion rights, some committee chairmen said that it was very easy to get around the statutes by finding other rationales for engaging in actions that, in fact, are attributable to the inconvenience of having reservist-employees.

Surprisingly, opinions were mixed on the significance of employer financial problems or costs due to call-ups. Perhaps these financial problems or costs are implicit in employer complaints about call-up timing and uncertainty. And not a single state chairman agreed that the USERRA pension benefit provisions were a cause of employer dissatisfaction.

There was general agreement among the committee chairmen that they would be better able to accomplish their mission—enhancing employer support of the Guard and Reserve—if they knew who the employers were. In particular, they need the capability

⁷ We found one study that correlated, among other factors, perceived supervisor attitudes reported by reservists in the 1992 Reserve Personnel Survey with the subsequent reenlistments of these reservists. The study found that perceived unfavorable supervisor attitudes did not negatively affect reenlistments. It found that, if anything, the retention rates of those with very unfavorable supervisor attitudes were higher than those of other groups. See Sheila Nataraj Kirby and Scott Naftel, *The Effect of Mobilization on Retention of Enlisted Reservists After Operation Desert Shield/Storm*, MR-943-OSD, RAND, 1998. A possible explanation for this surprising result is that reservists who most enjoy their reserve duties volunteer for more active duty days, thereby causing their supervisors' negative attitudes.

⁸ One human resources manager said that she couldn't do anything about temporarily replacing a reservist-employee until she was certain when the employee would be gone.

to target employers whose reservist-employees are called up to inform these employers of their rights and responsibilities.⁹

The *1999 Reserve Employer Survey* sponsored by the Office of the Assistant Secretary of Defense for Reserve Affairs (OASD/RA) provided additional information about problems faced by reservists' employers.¹⁰ The survey was a pilot project; it did not have a representative sample of reservists' employers. However, a nationally representative group of U.S. employers selected without regard to employment of reservists was also surveyed. While OASD/RA believes that caution should be exercised in generalizing from the survey results, the results are interesting and informative. In particular, the most commonly reported problems were related to added workloads for the coworkers of called-up reservist-employees and to work scheduling and morale problems. Also, employers with reservist-employees on military leave for more than 10 days per year were the most likely to complain of inadequate notice of the call-up. Another key finding was that most employers were indifferent to the reserve status of job applicants.

There are some immediate indicators of employer support. We know, for example, that many employers provide more than the legally required benefits to their mobilized reservist-employees. The Reserve Officers Association (ROA) annually surveys the *Fortune* 500 companies about the benefits provided to reservists during "emergency call-ups."¹¹ Over 70 of the 119 companies that responded to the 2000 survey (or to a prior year's survey) provided their mobilized reservist-employees some financial benefits—typically providing the difference in salary between an employee's civilian wage and his or her military pay for some period of time. A small number of these employers provided full salary for varying periods of time after the reservist-employee was called up. Some employers continued paying the employers' share for health insurance beyond the required 30 days, thereby allowing their reservist-employees' families to remain with the same health care providers without increasing the employees' out-of-pocket expenses. The law requires neither the salary benefits nor the additional health care contributions.

⁹ There are, of course, other ways of informing employers about their rights and responsibilities, including websites and mailings. Targeting this information to reservists' employers also requires knowing who the employers are.

¹⁰ Veronica Nieva, Wayne Hintze, and John Rauch, *1999 Reserve Employer Survey Final Report*, Westat, Inc., August 2000.

¹¹ Carol A. Kelly, "Corporate Response to Reserve Components' Call-ups," *The Officer*, January/February 2001, pp. 78–86.

Another indicator of employer support is the number and nature of calls to ESGR ombudsmen. It is a good sign, for example, if the number of calls related to employer harassment does not go up as reservists are being called up or returned to work.

AREAS FOR DOD INITIATIVES

Given the lack of evidence that employer support of the Guard and Reserve is declining, let alone the lack of evidence that declining employer support has affected recruiting, retention, and volunteering, should anything be done to maintain or enhance employer support? It appears to be widely believed, and it is intuitively plausible, that negative employer attitudes toward reserve service would have adverse outcomes for the health of the Selected Reserve. The risks are too great to assume otherwise. The Quadrennial Defense Review stated the issue very clearly, viz., “DoD can no longer solely rely on such ‘lagging’ indicators as retention and recruiting rates ... by the time [they] highlight a problem, it is too late.”¹²

DoD should develop approaches that can identify, in advance, when reserve call-ups are likely to adversely affect recruiting, retention, and volunteering because of negative employer influences on their reservist-employees (as well as through other problems call-ups cause for the reservists and their families). Further, DoD should determine what could be done to reduce the chances of negative employer responses to the current trend of frequent call-ups. That is, it should identify effective policy options for offsetting problems before the problems appear. And DoD should communicate the purpose and value of Reserve participation directly to employers.

There are a number of specific initiatives DoD can take to determine if employer support is a problem or will become one and to maintain or enhance employer support. We have identified six specific areas for DoD initiatives.

- Establish a mandatory-reporting employer database and link it to Reserve personnel files
- Obtain timely information for early warning of problems
- Provide more timely information to employers
- Decrease uncertainty about call-up frequency and duration
- Offset employer costs
- Conduct experiments and demonstrations

¹² Department of Defense, *Quadrennial Defense Review Report*, September 30, 2001, p. 59.

Each of these initiatives is discussed below.

Establish a Mandatory-Reporting Employer Database, Link It to Reserve Personnel Files

Although we can identify a number of actions DoD might take to improve employer support—providing more information to employers, reducing employer uncertainty about Reserve call-ups and reducing their financial burden—we don't know how effective each action would be. We can't say, for example, that subsidizing the retirement contributions required by USERRA would enhance employer support and reduce negative effects of Reserve call-ups on recruiting and retention. Determining this requires statistical evaluations and studies and, for some initiatives, experimentation.

A well-populated database identifying every reservist's employer and linked to Reserve personnel files is central to taking the actions that might improve employer support. This database is also central to the successful conduct of the studies and experiments needed to evaluate the effectiveness of the actions.

An employer database would provide the tool needed by state ESGR committees for targeting information to employers. For example, employers of reservists whose units are scheduled for mobilization can be identified, contacted, and informed about the purpose of the mobilization and about the employers' rights and responsibilities. An employer database would enable DoD to communicate with employers directly or through the state ESGR committees.

An employer database would make key statistical studies possible. These studies include analyzing how the effects of Reserve service and call-ups differ by employer characteristics and how DoD initiatives might alter these effects. For example, are the reenlistment rates of returning reservist-employees at small firms lower or higher than at large firms? How would payments offsetting USERRA-mandated employer pension contributions differentially affect these reenlistment rates?

An employer database would provide information critical to focusing limited resources by providing population demographics of reservists' employers. For example, the database would indicate the number of reservists who are self-employed, public safety employees, or employees of large corporations. Knowing the numbers in these and other categories of employers will allow DoD to focus its attention and resources where the numbers of reservists are significant and the recruiting, retention, and volunteering payoffs are likely to be high.

An employer database linked to surveys would provide the sample framework, would reduce the amount of information needed from employer survey respondents (thereby reducing the length and cost of the surveys), and would tie survey responses to subsequent reservist-employee behavior.

An employer database linked to an ESGR ombudsman/call center would reduce the amount of employer information needed from the caller.

Employer identification should be mandatory. Populating the database is critical to the database's value. Some reservists will not voluntarily identify their employers because they believe there will be negative repercussions if DoD contacts them. Exclusion of these employers will limit the database's utility for analyzing the effects of policy changes and the effects of call-ups. And excluding these employers would diminish the database's value for state ESGR personnel. Indeed, excluded employers would be exactly those employers whose attitudes and behavior might change if DoD were to offset some of the call-up-related costs they bear or if state ESGR personnel were to assist them in understanding their rights.

This is not to say that reservist-employees may not have valid concerns. We suggest testing the consequences of employer identification in our discussion of experiments and demonstration, below. And identifying employers does not necessarily mean providing information to employers that would identify their reservist-employees. Privacy protection considerations could allow an employer database to be used for research and analysis but not for direct contact of employers. However, not allowing direct contact might limit the value of the database for state ESGR personnel. And keeping employers in the dark about their reservist-employees military status until these employees are called up is not likely to encourage employer support of reservists during the call-ups.

DoD currently has a voluntary-report employer database, which is not well populated. The information required for a mandatory-report database could be exactly the same as the current database. Reporting requirements are minimal, including name, location, duration of employment, and contact information for the employer. A reservist can report on multiple employers. DoD has contracted with Dun and Bradstreet to obtain detailed information on the employers. (See the Appendix for the information that DoD

currently requests from reservists.) Reservists should update this information annually when they are required to update other personal information.¹³

There are alternative sources of information on employers in lieu of reservist-provided information. These include the IRS, Social Security Administration, and state employment services/unemployment insurance/workforce development departments. Whether or not these are more promising sources of employer identification needs to be determined.

In any event, the database must be frequently updated to keep up with the frequent job changing of younger members of the Selected Reserve.

Obtain Timely Information for Early Warning of Problems

There are two potential sources for quick information on potential employer support problems: 1) a periodic telephone survey of employers and 2) more systematic and complete collection of information from calls to the ESGR ombudsmen.

Periodic Telephone Survey of Employers

A periodic survey of employers would help DoD identify changes, warn of new problems, and identify reasons for changes in employer attitudes and behavior. The survey would cover a large number of employers, stratified to achieve representativeness, who could be asked a small number of questions designed to identify adverse trends.

A large sample, linked to reservists, is more important than having many questions. The sample should contain a substantial number of employers whose reservist-employees were recently called up.¹⁴ The survey would collect detailed information only once: at the time a new employer is added to the survey sample. (The more detailed the information in the employer database, the fewer the questions required in the baseline survey.) Periodic follow-up surveys should be short, requiring no more than 10 minutes or so, to help ensure continued participation by the respondents. The questions should be linked to factors believed (and later validated) to be linked to

¹³ There is the possibility that some reservists will not provide the information. DoD will have to deal with this problem in the same way that it deals with the failure to provide other information.

¹⁴ That is, the sample should include a greater-than-representative number of employers whose reservist employees have been called to active duty. This unrepresentative sample reduces the number of employers who must be surveyed to obtain a given level of statistical significance when assessing the effects of call-ups on employer support.

recruiting, retention, and volunteering. Illustrative questions for periodic follow-ups might include:

- Do you have any reservists who were called up since the last survey?
- Did you hire any temporary workers to replace a called-up reservist-employee? Increased overtime payments?
- Have you changed benefits provided to reservist-employees since the last survey? If yes, why?
- Has it become more difficult or costly to have reservist employees? How so?

The survey questions should be validated over time by linking employers' survey responses to the subsequent behavior—retention and volunteering—of the employers' reservist-employees as well as to subsequent hiring of reservists by these employers. That is, those survey questions whose answers are good predictors—leading indicators—of recruiting, retention, and/or volunteering should be kept and those whose answers are not good predictors should be dropped.

It will take some time—perhaps 2 to 4 years—to determine which questions yield the best leading indicators. To reduce the time required to develop useful indicators, multiple surveys with different sets of questions should be fielded simultaneously. Doing so will test a broader range of questions without unduly burdening individual survey respondents. As evidence of the usefulness of individual survey questions is accumulated, the useful questions can be combined to form a single survey.

There currently is no populated database from which to draw a representative sample of employers. DoD has at least one option if it wishes to trial run sample surveys before the employer database is populated: use a sample of convenience like that used in the 1999 Reserve Employer Survey. As the employer database is populated, the sample should be expanded to achieve representativeness. The sample design points should include all those factors that are believed to influence employer support, including employer size (number of employees), industry, public/private, and nature of benefits provided to reservist-employees.

The survey should be administered frequently—so it can be timely—and short—so it won't be too costly. The survey need not be administered on a national scale. Instead, it might be administered selectively. For example, representative samples of employers of reservists might be surveyed in geographic areas or selected industries with disproportionate numbers of reservists being called up or in areas or industries in which

there are indications of employer support problems. (See the following section on ESGR ombudsmen.)

ESGR Ombudsmen

There is a potential for relatively low-cost tracking of trends in the number and nature of problems from calls to the ESGR ombudsmen at the state and national levels. Presently, not all calls to ESGR ombudsmen are categorized and reported to the ESGR headquarters. Early warning would require consistent reporting, information in sufficient detail that problems can be identified but not so much that collecting the information is burdensome, and rapid transmission to the ESGR national headquarters for summarization and assessment.

Collecting this information would identify trends in specific types of complaints from reservist-employees—e.g., harassment, reemployment problems—and from employers—e.g., lack of advance warning of call-ups—that might suggest future recruiting, retention, and volunteering problems. A not inconsequential side benefit of this systematic collection of information is that it will suggest future directions for ESGR information dissemination.

Of course, callers to the ESGR ombudsmen are not representative of the population at large. They represent reservists and employers with specific information needs or problems. The vast majority of reservists and employers never contact the ombudsmen, but presumably some proportion of this majority shares the same information needs or problems. Thus, if ESGR becomes more effective in its outreach to employers, we might see an increase in calls to the ombudsmen that do not represent an increase in the number of problems in the underlying population. Instead, the increase in calls would reflect the increased awareness of the availability of the ombudsmen.

That the callers to ombudsmen do not represent the population of reservists and employers means that trends in specific complaints can only be suggestive and must be either validated or invalidated, i.e., fielding the survey proposed in the preceding section to a representative sample of employers in the potentially problematic area.

Provide More Timely Information to Employers

DoD should notify employers of call-ups and activation for training as early as possible. That is, even without changing any policies or practices related to mobilization orders, DoD should provide employers with information about their reservist-employees' activations when the information is available. Early notifications are easier in some cases

than others, e.g., long lead-time deployments such as MFO Sinai or other peacekeeping activities. And, of course, early notification is possible for annual training. Clearly, there are limits to early notification. For example, not all reservists in a mobilized unit will activate and deploy with the unit; some are replaced with volunteers who are selected closer to the mobilization date. Nevertheless, both the 1999 Reserve Employer Survey and state ESGR chairmen suggest that quick notification is advantageous for employers as soon as these volunteers are selected.

Reservists are not required to notify their employers of annual training or mobilization orders when they receive the orders. They can wait until the day before they leave if they wish, and (anecdotally) some reservists do just this. DoD should consider requiring reservists to notify their employers when the reservists receive their orders.

Anecdotal information also suggests that deployment information should be conveyed to reservists' immediate supervisors and human resource managers rather than solely to the CEOs. In particular, explaining the reasons for the call-up (or annual training) and the duration or likely duration of active duty could be a low-cost approach to developing a more sympathetic point of view toward the Guard and Reserve in employers' workforces.

Providing more timely information could pay off by improving workload planning and lowering costs for employers, and by decreasing resentment of the reservist-employees by their immediate supervisors and coworkers.

Decrease Uncertainty About Call-Up Frequency and Duration

Setting definite deployment lengths and keeping to them appears to have value for employers. Some of the state ESGR chairmen and human resource managers raised the issue of uncertainty about the timing of mobilization and the timing of the reservist-employees' return to work. For example, they argued it is costly when an employer hires temporary contract help only to find that the reservist-employee does not depart as early as expected or returns earlier or later than expected.

There are a number of positive actions, some more difficult than others, DoD could take that would decrease employers' uncertainty about call-up duration and frequency. One action is to commit to providing mobilization orders at least 30 days prior to departure from home station. DoD has been working on this and is staffing changes to DoDD 1235.10 and DoDI 1235.12 to the effect that orders will be provided at

least 30 days prior to the scheduled date of mobilization, subject to not being in conflict with mission requirements. However, commanders are reluctant to require reservists to mobilize who do not wish to go when there are other qualified reservists who are volunteering to go. Completing this sorting in/sorting out of reservists at least 30 days before mobilization isn't always possible.

An option worth testing is structuring RC participation to accommodate industrial seasonality. For example, annual training could be scheduled during the winter for units in northern tier states when it would be less likely to disrupt construction and other outdoor employment activities. And when call-ups are being phased over time, these units should be scheduled for mobilization during the winter. Structuring Reserve units for college students with annual training and scheduled mobilizations during the summer is another example.

DoD should exploit the concept of “double volunteer” units—units consisting of reservists who agree in advance to volunteer for mobilization. These units would be composed of reservists whose employers are less affected if they are called up or who do not believe that they will suffer any job-related consequences if frequently called up.

Some reservists tend to volunteer for many individual duty days. This can be disruptive to the employer and the employer's workforce, but the employer has no recourse. Although this volunteering may be important to the mission, employers should be given the opportunity to provide input to unit commanders about the problems caused by what employers consider excess volunteering. Opportunities for volunteering should be spread across unit members if employers complain of excessive volunteering.

Offset Employer Costs

DoD should determine the magnitudes of costs Reserve call-ups impose on the various types of employers (large/small, private sector/government, etc.). As we discussed above, when a reservist-employee is demobilized and returns to work, federal law requires the employer to contribute to the reservist's retirement account what the employer would have contributed had the reservist not been called up. Also, the employer must pay the employer's share of health insurance premiums when the reservist is ordered to active duty for 30 days or less. And employers may incur costs for overtime, temporary workers, and training when employees are called to active duty.

One alternative for offsetting the legally mandated costs is for DoD to reimburse them. Employers should easily determine these costs, and proof of payment could be

provided to DoD. DoD, after verifying that the reservist-employee was on active duty, could reimburse the employer for these payments.

The advantage of offsetting these employer costs is that it eliminates the requirement that employers subsidize the federal government's call-up of reservists. There are some disadvantages. First, the administrative cost of accounting for and reimbursing these expenses might be high both to the federal government and to employers. Second, some employers would provide these benefits even if they were not legally required, and reimbursing the expenses is unlikely to affect their behavior.¹⁵ And third, many employers, especially small ones, provide neither pension contributions nor health plan contributions, so their behavior would not be affected.

Another alternative is to make payments to employers to defray overtime payments, costs of training temporary workers, lost sales, or other expenses. Problems with this alternative are the difficulty of verifying the costs, high administrative costs, and the likelihood that some employers will change their behavior—e.g., increase activities that raise these costs—because of the reimbursements. However, these payments would benefit the small employers who are less likely to have employer-provided pension and health plan contributions.

A third alternative is to pay employers amounts based only on the durations the reservist-employees are on active duty. The advantage of this is low administrative cost for both DoD and employer. A disadvantage is that the payment is not linked to the actual costs incurred by each employer.

Finally, there is a question of whether offsets to employer costs should be in the form of tax credits or direct payments. An advantage of tax credits is that they use an existing IRS administrative structure, whereas direct payments might require additional administrative structure within DoD. The population of employers eligible for tax credits would be much smaller than the population eligible to receive direct payments. Tax credits would exclude federal, state, and local government and non-profit employers. Direct payments need not exclude any of these employers. Thus, the choice of tax credits versus direct payments depends, in part, on the answers to two questions. First, are reserve recruiting, retention, and volunteering problems among government and non-profit employers as significant as among for-profit employers? Second, would financial compensation be as effective in offsetting problems among government and non-profit

¹⁵ These are the same employers who already provide reservist-employees with compensation to cover the differences between their civilian and military earnings.

employers as it would be among for-profit employers? The answer to the first question requires linking reservists to types of employers. The answer to the second question requires some experimentation.

Determining the preferred alternative requires some information on the magnitude and incidence of the various costs incurred by employers. For example, do small employers bear greater costs per called-up reservist than large employers? Do local governments bear significant costs?

Possible options for testing offsets to employer costs are addressed in the following discussion of experiments and demonstrations.

Conduct Experiments and Demonstrations

The effectiveness of costly or potentially risky initiatives should be tested before being implemented nationwide. This section proposes that three of the proposed initiative areas be tested or demonstrated before being adopted.

Contacting employers. Although this paper recommends that employer identification be mandatory, some exploration of the consequences of *contacting* employers is warranted. After all, there are reservists who do not wish to identify their employers for fear that DoD will contact them. The possible negative consequences of contacting these reservists' employers could outweigh the positive consequences for the other reservists and for the Reserve components. Thus, DoD should select a small number of units in selected parts of the U.S. to assess these consequences. The assessment would consist of an examination of the retention and volunteering behavior of reservists working for employers who have been contacted by ESGR volunteers or who receive mailings from DoD versus the behavior of reservists who work for employers who have not been contacted.

Develop demonstrations. DoD should develop demonstrations of the value of adapting training and/or mobilization schedules to industrial seasonality. Similarly, it should develop demonstrations of the value of the "double volunteer" units.¹⁶

Offsetting employer costs. Experimenting with offsetting employer costs is particularly important because of the potential cost and uncertain outcome of such a new

¹⁶ For one case study of this type of unit see John Brinkerhoff and Stanley Horowitz, "Case Studies in Reserve Component Volunteerism: The 258th Quartermaster Supply Company," Document D-1668, Institute for Defense Analyses, May 1995.

employer support strategy. One approach is to reimburse USERRA-mandated employer pension contributions. There are two options that could be tested. One is to collect cost information from employers and directly reimburse. The other is to require proof of pension contributions but pay a fixed amount based on the duration of the reservist-employee's absence to each employer with this proof regardless of actual costs incurred. This second option might reduce administrative costs.

Another approach for testing offsetting employer costs would be to require proof of overtime payments and/or training costs and to reimburse these costs.¹⁷ This has the potential for significant administrative costs and might induce some employers to increase activities that raise these costs. The payments could be capped at some maximum amount.

Finally, direct payments could be made to employers without regard to their actual costs incurred. The payments could be based solely on the duration of each reservist-employee's absence for absences longer than a specified duration, e.g., 30 days. The advantage of this approach is low administrative cost including relatively low-cost verification of eligibility for the payment.

CONCLUSIONS

It isn't surprising that we don't know much about the relationship of call-ups to employer support and of employer support to Reserve recruiting, retention, and volunteering. There was no reason for the question to arise before Operation Desert Storm, and it wasn't clear after Desert Storm that reserve duty days would trend up to its current level. However, the RC has contributed more than 12–13.5 million duty days per year in each year since 1996, an unusually long period of intense use of RC forces for operational purposes.

Determining whether there is an employer support problem, and what to do about it if there is, requires data that do not currently exist. An employer database (with mandatory reporting) linked to reservists' automated personnel records is central to determining the employer-support consequences of the continuing frequent and lengthy call-up of Reserve personnel.

¹⁷ We searched the literature and the Web for estimates of absenteeism costs. We found no credible estimates.

The DoD should begin collecting information that, when tied to reservist recruiting, retention, and volunteering behavior, will yield early warning indicators of problems with employer support of the Guard and Reserve. One way to do this is through employer surveys.

State ESGR volunteers and DoD should provide information in a timely fashion to employers, thereby alleviating an irritant that arguably reduces employer support for the Guard and Reserve. In particular, the development of the employer database will enable state ESGR volunteers to increase their efforts to contact employers of reservists who are or will be called to active duty.

The DoD should have action plans for offsetting significant employer support problems if they are shown to exist or if early warning indicators predict them. Evidence on the effectiveness of promising actions will take time to develop. They should be tested through experiments or demonstrations before they are needed and before being adopted nationally.

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Appendix A
RESERVIST EMPLOYER DATA ELEMENTS

Screen Element	Screen Element Layout/Description	Field Length
Employer	Company Name	40
Address Line1	Street Address Line1	40
Address Line2	Street Address Line2	40
City		20
State	Accessible from a pull down list.	2
ZIP		5
Zip + 4		4
Country	Accessible from a pull down list.	2
Point of Contact for Guard and Reserve Matters	Employer contact for this location	40
Telephone	Telephone number of employer contact for this location	11
Fax	FAX number of employer contact for this location	11
Email	Email of employer contact for this location	80
Website	Employer Web Site URL	80
In our communications with your employer	Bolded and increased font size. Y = You can use my name N = Please do not use my name	1
Job Title		40
Civilian Occupational Code	Accessible from a pop up window.	7
Occupational Start Date	Start date for job title with this employer	Date (mm-dd-yyyy)
Occupational Stop Date	Stop date for job title with this employer	Date (mm-dd-yyyy)
Total Years Experience	Year of experience in that job irrespective of employer	2
Employment Status	Full Time/Part Time	1
Self-Employed?	Y/N	1
Supervisor	Name of Supervisor	40
Telephone	Telephone number of supervisor	11

Source: OASD (RA)

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