



## Evaluating Suitability Across the Services: ELS Length and the Relationship between Enlistment Waivers and Separation Outcomes

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## Abstract

This report focuses on two distinct, but related topics: enlistment waivers and entry-level separations. The waiver process recognizes that some young people have made mistakes and overcome their past behavior or have had a medical condition that warrants review. A one-time incident or issue may not accurately reflect the character or potential for someone to serve. ELS length and administrative separation policies provide an orderly means to discharge those found to be unsuitable to serve. In this light, two offices within the OSD–Personnel and Readiness (the Offices of the Under Secretary of Defense for Accession Policy (AP) and Officer and Enlisted Personnel Management (OEPM)) asked CNA to evaluate the Services’ policies, practices, and successes for determining suitability for service at accession (enlistment waivers) and in service (ELS length and reasons for early separation). In this second of two reports, we 1) determine the probability of, and reasons for, separation among those who access with enlistment waivers, 2) examine the arguments for and against extending ELS, as well as inconsistencies in ELS separation reasons, and 3) make recommendations.

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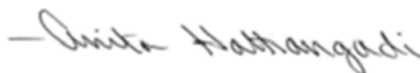
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## Executive Summary

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As the Office of the Secretary of Defense (OSD) seeks to develop and maintain a ready and lethal force, policies related to enlistment waivers, entry-level status (ELS) length, and administrative separations are key components of its strategy. Readiness is preserved by maintaining high standards of performance, conduct, and discipline. Enlistment waivers promote readiness by ensuring that the Services are able to recruit enough qualified and deserving personnel to achieve authorized force levels. ELS length and administrative separation policies promote readiness by providing an orderly means to discharge those found to be unsuitable to serve, and by emphasizing honorable service.

In this light, two offices within OSD Personnel and Readiness (P&R)—the Offices of the Under Secretary of Defense for Accession Policy (AP) and Officer and Enlisted Personnel Management (OEPM)—asked CNA to evaluate the Services’ policies, practices, and successes for determining suitability for service at accession (enlistment waivers) and in service (ELS length and reasons for early separation). In this report, the second of two, we (1) determine the probability of, and reasons for, separation among those who access with enlistment waivers, (2) examine the arguments for and against extending ELS, as well as inconsistencies in ELS separation reasons, and (3) make recommendations.

Our methodological approach includes a literature and policy review, subject matter expert (SME) discussions, and analysis of nearly 12 years of Defense Manpower Data Center (DMDC) personnel and standardized waiver code data on enlisted Active Component accessions.

## Enlistment waivers and separation outcomes

### Background

During the normal recruiting process, the Services must consider and access some applicants who initially do not meet all Service enlistment requirements. By requiring enlistment waivers for such applicants (e.g., those with too many minor dependents, with certain medical conditions, with a record or history of criminal infractions, or who are found to have experimented with illegal drugs), the Department of Defense (DoD) acknowledges that there may be risks inherent in these populations (e.g., a higher likelihood of early separation). However, DoD also allows the Services to consider such recruits who display sufficient mitigating circumstances through a “whole person” review.

In 2008, AP created four DoD-wide enlistment waivers—medical, dependent, conduct, and drug—with quarterly reporting requirements. Before 2008, there were no consistent standardized waiver criteria used across the Services and most waivers were based on Service-specific standards, many of which now are identified as “exceptions to policy” (ETPs). For example, Service drug ETPs are strictest in the Marine Corps, and are required for even one instance of marijuana use. By comparison, Navy recruits required a Service drug ETP only after 11 or more instances of drug use. Although Service-level ETPs still exist (and still vary considerably), the 2008 policy established singular definitions for each of the four waiver types that apply to all military recruits, regardless of Service. For example, a drug waiver is only issued to applicants who test positive on the Drug and Alcohol Test (DAT) at the Military Processing Entrance Station (MEPS).

This establishment of consistent waiver definitions across DoD means that consistent enlistment waiver data now have been collected for almost 12 years, making it possible to conduct the first comprehensive cross-Service review of the use and riskiness of DoD enlistment waivers since the new policy was enacted. Thus, we use DMDC data on the last 12 years of DoD accessions, in addition to SME discussions, to address the following questions:

- What trends in enlistment waivers and separation reasons do we observe?
- How risky are enlistment waivers, in terms of separation outcomes?
- Can a waiver risk model help the Services decide which applicants with enlistment waivers to enlist?

### Trends in enlistment waivers

Using the DoD waiver definitions, we observe that 10 percent of active component enlisted accessions enlisted with a waiver in the past decade. During this time, only medical waivers increased in use (from 7 to 9 percent), seemingly from a rise in disqualifying medical conditions rather than a rise in the failure to meet DoD weight or height standards. Such growth was common across the Navy, Air Force, and Marine Corps. This growth is to be expected given the improving economy and more difficult recruiting environment over this period. Because DMDC data do not report specific International Classification of Diseases (ICD-10) medical conditions, we cannot tell whether the increase in medical conditions is due to an increase in physical or mental health conditions. The Services rarely (and decreasingly) use dependent and conduct waivers (use fell from just above to just below 2 percent), and they almost never use drug waivers.

### Trends in separations

Figure 1 shows the complete list of separation reasons for which enlisted Servicemembers can be separated from service.

Figure 1. Separation reasons

- 
- |   |   |
|---|---|
| <ol style="list-style-type: none"> <li>1. Expiration of Service Obligation</li> <li>2. Changes in Service Obligation</li> <li>3. Convenience of the Government             <ol style="list-style-type: none"> <li>a. Early Release</li> <li>b. Hardship</li> <li>c. Pregnancy</li> <li>d. Parenthood</li> <li>e. Conscientious Objector</li> <li>f. Surviving Family Member</li> <li>g. Condition, Not a Disability</li> </ol> </li> <li>4. Disability</li> <li>5. Defective Enlistment/Inductions             <ol style="list-style-type: none"> <li>a. Minority (Age)</li> <li>b. Erroneous Enlistment</li> <li>c. Defective Enlistment</li> <li>d. Fraudulent Entry</li> <li>e. Separation from DEP</li> </ol> </li> </ol> | <ol style="list-style-type: none"> <li>6. Entry-Level Performance/Conduct</li> <li>7. Unsatisfactory Performance</li> <li>8. Drug Abuse Rehabilitation Failure</li> <li>9. Alcohol Abuse Rehabilitation Failure</li> <li>10. Misconduct             <ol style="list-style-type: none"> <li>a. Minor disciplinary infractions (MDIs)</li> <li>b. Pattern of misconduct</li> <li>c. Serious offense</li> <li>d. Civilian conviction</li> </ol> </li> <li>11. Separation in Lieu of Trial by Court-Martial</li> <li>12. Security</li> <li>13. Unsatisfactory Participation in Ready Reserve</li> <li>14. Secretary Plenary Authority</li> <li>15. Reasons Established by Military Departments</li> <li>16. Weight Control Failure</li> </ol> |
|---|---|
- 

Source: DoD Instruction 1332.14.

Table 1 lists the characterizations for which enlisted Servicemembers can be separated.

Table 1. Characterizations of service

Administrative separations (DoDI 1332.14)	
A. Characterized	B. Uncharacterized
<ol style="list-style-type: none"> <li>1. Honorable</li> <li>2. General (Under Honorable Conditions (UHC))</li> <li>3. Under Other-than-Honorable (OTH) Conditions</li> </ol>	<ol style="list-style-type: none"> <li>1. Entry-Level Separation</li> <li>2. Void Enlistments or Inductions</li> <li>3. Dropping from Rolls</li> </ol>
Punitive separations (awarded by court-martial) (32 CFR § 724.111)	
<ol style="list-style-type: none"> <li>1. Bad conduct</li> </ol>	<ol style="list-style-type: none"> <li>2. Dishonorable</li> </ol>

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Source: DoD Instruction 1332.14.

When we examine separation trends, we observe that uncharacterized separations grew from 40 to 60 percent of Navy, Air Force, and Marine Corps accessions in the past decade, driven by a rise in “unsuitability” and “mental health” separation reasons (Entry-Level Performance and Conduct (ELPC) and Condition, Not a Disability (CnD), respectively). This growth also is to be expected. We hypothesize that the rise in unsuitability and mental health separations over the past decade is related to (1) declining initial suitability for service, given declining civilian unemployment and an increasingly difficult military recruiting environment over this period, (2) recruit training depots’ reduced tolerance for taking risk with mental health issues, and (3) a rise in medical waivers, which is associated with a rise in youth mental health issues.

Given the study scope and data available, we were not able to evaluate which of these effects is most prominent; however, it can be done. Identifying a link between poor fit or poor mental health at accession and later attrition for these reasons matters because, to the extent that certain mental health issues are increasing and are correlated with adverse outcomes, identifying *which* issues are problematic could help stem the tide of adverse behaviors. From the literature, adverse behaviors such as substance use, domestic violence, sexual assault, and suicide are highly correlated with one another, and those who exhibit adverse behaviors often have prior trauma or mental health issues that can be triggered by new stressors.

## Findings and recommendations

### Riskiness of waivers

From our SME discussions, we learned the concerns about enlisting those who require waivers. For drug or misconduct waivers, the concern is recidivism; for dependent waivers, it is that a member's (financial or deployment) stress will affect his or her mission performance; and for medical waivers, it is that members will experience reinjury or that a medical condition will recur and limit their deployability. Using DMDC data, we estimate the degree to which each type of enlistment waiver relates to the likelihood of separating from service for any of the following reasons (we estimated these separately, then grouped them into similar groups for interpretation):

- Early attrition (uncharacterized or within 6, 12, or 24 months)
- Disqualifying enlistment (DQ) (i.e., when a disqualification is discovered that the recruit may or may not have known about)
  - Erroneous enlistment
  - Fraudulent entry
  - Failed procurement standards
- Unsuitability (failure to adapt, lack of capability, lack of reasonable effort, or minor disciplinary infractions)
  - ELPC (can only be used during ELS)
  - Unsatisfactory Performance (UP) (can only be used after ELS)
- Mental health (condition that interferes with performance of or assignment to duty that is *not* rated by the Department of Veterans Affairs (VA) Schedule for Rating Disabilities (VASRD))

- CnD<sup>1</sup>
- Medical condition (that interferes with performance of or assignment to duty that is rated by VASRD)
  - Disability
- Adverse behavior (“bad” separation reasons)
  - Misconduct separation (to include Courts-Martial and In Lieu of Courts-Martial)
  - Drug use separation
  - Not Honorable characterization separation
  - Rank reduction

Given the variation in Service use of these separation reasons, we estimate the relationships separately for each Service. Relationships not discussed are not statistically significant. We find that those with drug and misconduct waivers have a high and moderate increased risk,<sup>2</sup> respectively, of separating for adverse behavior (misconduct, drug use, and Not Honorable separations, and being reduced in rank); they have a reduced risk of separating by 6 months (in structured recruit training) and an increased risk of separating by 24 months (in less structured environments). Based on these results, we recommend that those with drug and conduct waivers be closely screened. We also recommend that the Services promote command leadership knowledge of waiver status so that commanders (during and after training) can provide adequate support to those who previously exhibited adverse behavior. Waiver information is in Servicemembers’ personnel files but typically not accessed by leadership.

Those with dependent waivers have only a low increased risk of separating early (by 6 and 12 months) for misconduct. As such, we recommend that they be enlisted.

Those with medical waivers have a low increased risk of separating early (by 6, 12, and 24 months), overall, and for medical (Army and Air Force) and mental health (Marine Corps) reasons. Based on our results, we recommend continuing to enlist those requiring medical waivers, per usual, while more research is conducted. Currently, the Services collect specific (ICD-10) medical waiver conditions through a cumbersome manual process that is not yet automated. Electronic record updates are scheduled that will allow for the required data manipulation. We recommend that the Services use CnD only to capture mental health separations and that OSD adopt Bureau of Medicine and Surgery’s (BUMED’s) CnD 2018 policy

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<sup>1</sup> CnD is of particular interest to OSD because it was reported five years ago that Navy physicians were misusing it as a faster and less costly administrative separation reason for Sailors and Marines who should have received disability ratings with compensation. It is intended to be used for conditions that interfere with assignment to or performance of duty (mental health issues such as adjustment disorder—an excessive reaction to a life stressor).

<sup>2</sup> We define high, moderate, and low risk as over a 100 percent increase, a 50–100 percent increase, and a 0–50 percent increase in the outcome’s base rate, respectively.

update as DoD policy—that is, conditions that interfere with assignment to or performance of duty that are:

- Listed as compensable under VASRD → Referred to Disability Evaluation System (DES)
- *Not* listed as compensable under VASRD → Separated under CnD (BUMED’s update)

BUMED confirmed that the Department of the Navy did, in fact, previously use the separation reason, CnD, to avoid using the lengthy DES process. It said that this was because DoD policy did not lay out mutually exhaustive options for when to use administrative separations or the DES for conditions that interfere with assignment to or performance of duty. BUMED’s update created mutually exhaustive categories and alleviates the chance of this reoccurring.

Once electronic ICD-10 medical waiver data are in hand, they can be used to assess whether to screen out those with certain mental health issues that are at higher risk of separating (for mental health or other reasons). Finally, if the Services continue to enlist those requiring medical waivers while conducting additional research, they should provide members with mental health counseling throughout entry-level training (ELT).

### Waiver risk model

While our analysis estimates the average increase in separation probability for all waived recruits, the effect may vary significantly depending on the individual recruit. In the waiver risk model, we allow the waiver effect to vary by recruit characteristics. This is important because a waiver effect may be minimal for a strong candidate but large for a weaker candidate.

## Entry-level status

### Background

Once new accessions are in service, DoD asks the Services to identify those with a higher likelihood of unsuitability (to improve their retention chances through counseling, retraining, and rehabilitation) and to separate those who do not demonstrate the commitment or potential for further service. When the separation process is initiated in ELS—defined by DoD since 1982 as the first 180 days of service—it is considered an uncharacterized entry-level separation, except when Honorable or Under OTH Conditions are clearly warranted.

Servicemembers separated during ELS and after ELS are treated differently. The former receive uncharacterized separations. As such, they are allowed to enlist again at a later date but are not eligible for veteran benefits (e.g., dental, preseparation counseling, home loans, federal veterans’ employment/training programs, and federal veterans’ hiring preference).



The VA must make determinations when a member without the required characterization for benefits applies for such benefits.

Over the last several decades, the Secretaries of the Army and the Air Force at various times have expressed a desire to extend ELS beyond 180 days. Based on these requests and our discussions with Service representatives, their reasons for this include the following:

- To have more time to learn about the fit between the member and the Service while having access to a “no fault” uncharacterized separation and its associated separation reasons
- To limit the accrual of Honorable separations and veterans’ benefits to those members who are fully trained
- To cover more of the ELT pipeline since ELT pipeline lengths generally have increased over time (e.g., from 1984 to 2019, the percentage of Marine Corps enlisted entry-level occupations with training pipelines over 180 days increased from 70 to 81 percent)

However, some may oppose extending ELS. Reasons against extending it follow:

- Reduced training return on investment (ROI): If current separation numbers and patterns hold, then lengthening ELS will not reduce the Services’ training ROI. Air Force representatives, however, said that some recruits currently are retained after ELS because of a reluctance to separate them for what are considered bad separation reasons (i.e., misconduct). Therefore, there is concern that lengthening ELS will result in more separations overall and, consequently, reduce overall training ROI.
- Those separating within a new (longer) ELS period (the portion that exceeds 180 days) would lose veterans’ benefits that they currently would receive.
- It would prompt a need for additional VA determinations if those losing benefits appeal to the VA for characterized separations.

Given the requests to extend ELS and the related concerns with doing so, we address the following questions:

- Why is ELS 180 days?
- What separation reasons are used in the first year of service?
- What are possible courses of action (COAs) regarding ELS length?

## Current ELS length

We find that OSD set ELS at 180 days in 1982 to preclude the accrual of veterans’ benefits, much like the Army did in its Army Trainee Discharge Program in 1973. ELS length does not seem to have been based on the length of entry-level training because—around that time—Marine Corps ELT already was 257 days long.

## Separation reasons used in the first year of service

From FY 2005 to FY 2019, 12.5 percent of accessions attrited in the first year of service (10 and 2.5 percent between 0 and 180, and between 180 and 365, days of service, respectively), 5.0 percent attrited in their second year of service, and the vast majority (82.5 percent) separated after two years of service (near the ends of their contracts).

To formulate ELS length COAs, we largely focus on separations that occur during and after ELS in the first year of service. During ELS (days of service 0 to 180), Servicemembers complete recruit training and enter (some with short pipelines even complete) occupational school. After ELS (days of service 180 to 365), Servicemembers typically complete occupational school and enter the fleet. In the first year of service, 90 to 95 percent of separations occur for the following five types of separation reasons previously described: disqualifying enlistment, unsuitability, mental health, medical condition, and adverse behavior.

The Services are not necessarily consistent in their use of these reasons. In what we combine and call disqualifying enlistment, erroneous enlistment is primarily used by the Navy, fraudulent entry is primarily used by the Marine Corps, and failed procurement standards is the reason primarily used by the Army and the Air Force. Mental health (CnD) is used more by the Navy and Marine Corps, and unsuitability (ELPC and UP) is used more by the Army and the Air Force. The Army and Marine Corps use ELPC during recruit training, whereas the Navy and Air Force do not use ELPC until recruits reach occupational school (the Navy and Air Force primarily use disqualification and mental health (DQ and CnD) during recruit training). The Army and Air Force use ELPC until day 180 (consistent with their requests to use ELPC for longer), whereas the Navy's and Marine Corps' use tails off at day 100 (during A-school and at the end of Marine Combat Training, respectively). Misconduct is used the least by the Air Force.

Separation reasons differ during and after ELS in the first year of service. ELS separations mostly occur because of disqualification, unsuitability, and mental health (i.e., DQ, ELPC, and CnD). Post-ELS separations that occur within the first year are mostly because of misconduct, unsuitability, mental health, and medical conditions (i.e., misconduct, UP, CnD, and disability). Unsuitability and mental health are used throughout the first year. Disqualification is used primarily during ELS and decreasingly throughout the first year. Misconduct and disability are used primarily after ELS and increasingly throughout the first year.

## Possible ELS COAs

Based on discussions with Service representatives and the sponsor, we formulated the following ELS length COAs:

1. 180 days (default)
2. 270 days

3. 365 days
4. 730 days

We excluded the end of ELT as a COA because ELT length varies by occupation (and, therefore, by Servicemember) and would not treat members equally based on service length at separation, which OSD views as important (it has rejected prior ELS extension requests for this reason).

We examined the effect of extending ELS on the size and cost<sup>3</sup> of the ELS population, based on historical averages. The estimated size of the ELS population is an increase from 14,000 to:

- 16,000 (an increase of 12 percent) if ELS is extended to day 270
- 17,000 (an increase of 21 percent) if ELS is extended to day 365
- 22,000 (an increase of 51 percent) if ELS is extended to day 730

We conclude that extending ELS would make the Services better off by (1) providing them more time to monitor and separate the unsuitable, delaying the Services' full responsibility for members, (2) covering a higher percentage of ELT pipelines (treating members in a higher percentage of ELT pipelines equally based on separation reasons and characterizations, and being able to use ELPC/uncharacterized rather than bad separation reasons/characterizations during ELT), and (3) precluding the accrual of veteran benefits and Honorable separations until members are fully trained, which reduces the veteran benefit outlay and upholds the integrity of Honorable separations. Extending ELS would make Servicemembers who separate in the ELS extension window worse off because they would no longer earn veteran benefits or Honorable separations, but better off in that they would be allowed to enlist "as if for the first time" once issues resolve and to receive better separation reasons than they otherwise would. It makes the VA worse off because it could increase its workload (although that could be reduced through policy—e.g., if disabilities were to be automatically characterized as Honorable). If current separation numbers and patterns hold (i.e., if only the name of the separation reason changes), lengthening ELS will not reduce the Services' training ROI.

We posit that the ideal ELS length covers ELT pipelines, to the extent reasonable, and remains an absolute point in time. Lengthening ELS in this way would provide benefits to the Services without hurting training ROI, but would entail a loss of benefits for Servicemembers separating in the ELS extension window and an increased VA workload.

We recommend, therefore, that ELS be extended to day 365.<sup>4</sup> That would balance additional time to observe a member's fit to service with the loss of veteran benefits. By day 365, 92 percent of the Services' occupational specialty training pipelines would be complete (up from

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<sup>3</sup> This assumes that the cost of veterans benefit outlays is related only to the size of the ELS population.

<sup>4</sup> If deemed necessary, exceptions could be made for those in ELT after day 365.

43 percent at 180 days). Although 99 percent of pipelines would be complete by 730 days, this 7 percentage point increase in completed ELT pipelines comes at the cost of an additional year of time, which does not seem to be an equitable trade-off. Extending ELS to day 365 would entail a loss of veteran benefits to 21 percent of Servicemembers who separate in the ELS window (compared to 51 percent if ELS were extended to day 730).

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# Introduction

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In a 2018 Directive Type Memorandum (DTM), the Secretary of Defense called for a review of all policies that preclude or undercut readiness and lethality as a basis to reevaluate and develop policy improvements at the Office of the Secretary of Defense (OSD) level [1]. Both waivers and separations promote readiness. Waivers do so by ensuring that the Services man the force with the right quantity and quality of recruits. They provide an opportunity to serve for deserving individuals who might otherwise be disqualified. Separations promote readiness by discharging those found to be unsuitable to serve and by emphasizing honorable service.

In this light, two offices within OSD—Personnel and Readiness—the Office of the Under Secretary of Defense for Accession Policy (AP) and the Office of Officer and Enlisted Personnel Management (OEPM)—asked CNA to evaluate the Services’ policies, practices, and successes for determining suitability for service at accession (enlistment waivers) and in service (entry-level status (ELS) length and separations). Department of Defense (DoD) policy on enlistment waivers fits within AP’s portfolio. DoD policy on ELS and separations is within OEPM’s portfolio.

This report addresses two topics: (1) the relationship between enlistment waivers and separation outcomes and (2) ELS separation reasons and length. While the topics are connected by suitability for service, they are sufficiently different that we address them one at a time.

## Background, motivation, and study questions

### Enlistment waivers and separation outcomes

Prior to the pandemic, the civilian unemployment rate fell over the last decade from the highest to the lowest level in 30 years, making military recruiting increasingly difficult [2]. During difficult recruiting times, Service recruiters are more likely to be willing to “work” individuals who do not meet all Service enlistment requirements without a waiver. By requiring waivers for such applicants, DoD acknowledges that there may be inherent risks in these populations, such as a higher likelihood of early separation or misconduct. However, DoD also asks the Services to consider such recruits who display sufficient mitigating characteristics through a “whole person” review. Therefore, it is important that the Services understand how to minimize the risks when considering waived recruits.

In 2008, AP established singular definitions for four waiver types that apply to all military recruits, regardless of Service [3]:

- **Medical waivers** – For those with disqualifying medical conditions [4], who do not meet height standards, or who do not meet weight standards (multiple waivers are to be reported)
- **Dependent waivers** – For those who are married with two minors or unmarried with one minor
- **Conduct waivers** – For one major misconduct offense, two misconduct offenses, or a pattern of misconduct (one misconduct and four non-traffic-related offenses, or five or more non-traffic-related offenses) (the most serious waiver is to be reported)
- **Drug waivers** – For those who test positive on the Drug and Alcohol Test (DAT) at a Military Entrance Processing Station (MEPS)

Before 2008, there were no consistent standardized waiver criteria used across the Services and most waivers were based on Service-specific standards, many of which now are identified as “exceptions to policy” (ETPs)). This is the first comprehensive review of the use and riskiness of DoD enlistment waivers among enlisted personnel across the four Services since the 2008 policy change. We address the following questions on this topic:

- What trends in enlistment waivers and separation outcomes do we observe?
- How risky are waivers, in terms of separation outcomes?
- Can a waiver risk model help the Services determine which recruits considered for a waiver present the greatest risk?

## ELS separation reasons and length

Once in service, DoD asks the Services to (a) identify new accessions with a higher likelihood of unsuitability, (b) improve their retention chances through counseling, retraining, and rehabilitation, and (c) separate those who do not demonstrate the commitment or potential for further service. When the separation process is initiated while an enlisted Servicemember is in entry-level status (ELS, the first 180 days of service), an uncharacterized entry-level separation is used.<sup>5</sup>

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<sup>5</sup> The exceptions are when Other-Than-Honorable (OTH) or Honorable is clearly warranted: OTH is warranted in ELS for fraudulent entry, misconduct, or in lieu of trial by court-martial. Honorable is warranted in ELS for selected changes in service obligation, convenience of the government, disability, Secretarial plenary authority, or approved reasons established by military departments [5].



Servicemembers who receive *uncharacterized* separations are treated differently from those who receive characterized separations:

- They are allowed to enlist again at a later date (i.e., “no-fault”).
- They are not eligible for veteran benefits, including dental, preseparation counseling, home loans, federal veterans’ employment/training programs, and federal veterans’ hiring preference.

Servicemembers who receive *characterized* separations experience the opposite treatment:

- They are not automatically allowed to reenlist (it depends on the reenlistment code).
- They are conferred veteran benefits (if they separate after day 180).

During ELS, Servicemembers who are found unqualified for further military service due to unsatisfactory performance, conduct, or both, as evidenced by lack of capability, lack of reasonable effort, failure to adapt to the military, or minor disciplinary infractions, are to be separated for the Entry-Level Performance and Conduct (ELPC) separation reason (which can only be used during ELS). ELPC’s corollary after ELS is Unsatisfactory Performance (UP), which can be used only after ELS.

For example, those who separate for poor performance in entry-level training (ELT) receive the following:

- Uncharacterized/ELPC separations before day 180<sup>6</sup>
- Characterized/UP separations after day 180

And those who separate for poor conduct in ELT receive the following:

- Uncharacterized/ELPC before day 180
- Characterized/misconduct after day 180

The remaining reasons can be used during or after ELS.

In 2018, the Services requested for the fourth time in four decades that ELS be modified. DoD policy has defined ELS as the first 180 days of service since 1982. Because there was and still is no general legislative definition of ELS, DoD has the discretion to modify the definition as necessary and grant Service ETPs as it deems appropriate. In 1984, the Air Force requested that ELS be extended to 365 days for those in ELT. In 1999, 2008, and 2018, respectively, the Army requested that ELS be (1) limited to the shorter of ELT or 180 days (to reduce attrition),

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<sup>6</sup> Characterized separations are Honorable, General (Under Honorable Conditions (UHC)), Under Other than Honorable Conditions, Bad Conduct, and Dishonorable. Uncharacterized separations are Entry-Level Separation, Void Enlistment, and Dropped from Rolls.

(2) extended to the end of ELT (because MOS length has increased over time), and (3) extended to 180 days after ELT (to provide an expeditious “no fault” exit for longer).

OSD approved, then rescinded, the Air Force’s 1984 request to extend ELS to 365 days for those in ELT, stating that 180 days was sufficient time to evaluate the fit between a member and a Service, and that Servicemembers who served at least 180 days should have and be held to the same rights and standards, whether or not they are in ELT [6].

OSD approved, but did not make into policy, the Army’s 1999 request to limit ELS to the shorter of ELT or 180 days, again stating that Servicemembers who served at least 180 days should have and be held to the same rights and standards, whether or not they are in ELT [7-9].

OSD did not approve the Army’s 2008 request to extend ELS to the end of ELT, citing the potential loss to Servicemember benefits and lack of return on training investment for those who separate after a lengthy period [10-11].

In the most recent case, OSD stated that it was not prepared to support the Army’s 2018 request to extend ELS to 180 days after ELT and commissioned this study as a result, stating its interest in understanding the history of ELS, current ELS separation practices, and possible changes to policy, including other ways to address challenges [12-13].

An ELS extension would affect many stakeholders. Commanders with separation authority would be able to separate those who are a poor match to the Service using the ELPC separation reason and an uncharacterized separation for longer. Some Servicemembers who would have earned veteran benefits and Honorable separations would no longer be eligible for them. The Department of Veterans Affairs (VA) would have an increased workload if the loss of benefits prompted an increase in those without the required characterization for benefits applying for such benefits. OSD’s primary concerns are that members are treated equally based on length of service at separation (regardless of whether they are in ELT) and that training return on investment is not reduced because that could affect mission performance.

We address the following ELS questions:

- Why is ELS 180 days?
- Which separation reasons do the Services use during and after ELS in the first year?
- What are possible ELS policy courses of action (COAs)?

## Key issues and approach of this report

This study aims to identify and document six key issues, which we accomplish across two reports (see Table 2).

Table 2. Study's key issues

Identify and document	Report 1	Report 2
<b>Relationship between enlistment waivers and separations</b>		
1. Service policies & practices for enlistment waivers and separations	X	
2. Use and riskiness of enlistment waivers		X
3. Reasons why members separate early, and predictors of early separation		X
4. A waiver risk model to predict probability of success with/without a waiver		X
<b>ELS length</b>		
5. Why ELS is 180 days and how changing it would affect veteran benefits	X	
6. Whether evidence suggests ELS needs to change		X

To address these key issues, we conducted the following:

- ***A policy review*** on waiver and separation policies
- ***Subject matter expert (SME) discussions*** on waiver and separation practices
- ***A literature review*** of the relationship between waivers and separation outcomes
- ***An empirical analysis*** of the relationship between waivers and separation outcomes

Our first report summarized the SME discussions, policy review, and literature review in support of key issues 1 and 5 [14]. This second of two reports contains our empirical analysis, findings, and recommendations in support of key issues 2 through 4 and 6.

In this report, and in this order, we carry out the following:

1. Determine the probability of, and reasons for, separation among those who access with enlistment waivers.
2. Discuss inconsistencies in ELS separation reasons and examine the arguments for and against extending ELS.
3. Make recommendations.

# Relationship Between Enlistment Waivers and Separation Outcomes

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This section focuses on the relationship between enlistment waivers and separation outcomes. It addresses the methodology, descriptive trends, empirical findings, a waiver risk model, and recommendations.

## Methodology

This subsection addresses our empirical strategy, data, outcomes, and variables of interest.

### Empirical strategy

If we were able to identify two exactly identical people who differ only in their conduct waiver status, we would be able to attribute differences in their outcomes entirely to the fact that one has a conduct waiver and one does not. However, because enlistment waivers are assigned based on a recruit's history of behavior or physical traits, waivers are likely correlated with a number of other things that we cannot observe or measure, such as family history or willingness to follow orders. So while two recruits may appear to be identical in everything other than conduct waiver status in the data, there likely are a number of other important differences not captured in the data that influence their likelihood of success and that we cannot adjust for in the analysis. This is what makes it difficult to identify a causal relationship between waivers and any particular outcome.

Moreover, because the military exercises a "whole person" policy, only the strongest candidates enlist with waivers. Recruiters must see something in a recruit to enlist them with a waiver, because it takes more of their time and energy to process that recruit. As a result, the typical waived recruit has Armed Forces Qualification Test (AFQT) scores and education records that exceed those of the average non-waivered recruit.

To best assess the relationship between a waiver and an in-service outcome, we must compare recruits with waivers to those recruits without waivers who are most similar to their waived peers. Thus, the estimates presented in this report rely on a propensity score matching approach that limits our sample to the most similar waived and nonwaivered recruits. To select the most appropriate matches, we relied on an approach that excludes any nonwaivered recruit who has an estimated propensity greater than one unit away from the nearest waived recruit. For each waiver type and each Service, we first estimated a propensity score for all

observations, then set the unit equal to .01 times the standard deviation of the estimated propensity scores. Doing so creates a better balance of characteristics across members with waivers and those members without waivers. We then estimate the relationship between the relevant waiver type and each outcome of interest, again controlling for member traits.

## Data

We use Defense Manpower Data Center (DMDC) data on waivers, separations, and demographics for enlisted accessions in all Services from FY 2009 to FY 2019. DMDC data contain three-letter codes for waivers issued at both the delayed entry program (DEP) and at accession for each recruit. Though every waiver should be recorded only once, sometimes the same waiver will appear as both a DEP waiver and an accession waiver, for instance, making it appear that a recruit received two conduct waivers. However, since each recruit may receive only one waiver of each type (with the exception of medical waivers), we eliminate any duplicates and code waivers as a binary variable for whether or not a recruit has a waiver of that type. We also note that DMDC provides information for up to three DEP and three accession waivers, meaning all recruits with more than three waivers will appear as having only three waivers in the DMDC data. Tabulations of our waiver data show that less than one-hundredth of a percent of recruits access with all three waiver fields filled, suggesting that there is very little censoring of waiver information in the DMDC data.

We made one adjustment to waiver definitions in the DMDC data. All Services are supposed to issue a weight waiver only if it is not within DoD standards. Historically, the Marine Corps is the only Service that has reported issuing weight waivers to recruits. Whereas weight waivers make up less than 1 percent of medical waivers in the other Services, in the Marine Corps, weight waivers account for nearly half of medical waivers. Based on discussions with OSD-AP and Marine Corps Recruiting Command (MCRC) representatives, we conclude that the Marine Corps also is reporting weight waivers if it is not within Marine Corps standards. We chose not to count weight waivers in the Marine Corps as “true” medical waivers because of this, so Marine Corps recruits whose only medical waiver is one for weight have been recoded as not having a medical waiver.<sup>7</sup>

## Outcomes

In our analysis we examine two types of outcomes: length of service and separation reason. For the length of service outcomes, we examine four types of early attrition: within six months,

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<sup>7</sup> We also conducted the analysis counting weight waivers in the Marine Corps as true medical waivers. These estimates differ only slightly and are presented in the tables in Appendix A.

within 12 months, within 24 months, and uncharacterized separations. In each case, the outcome of interest is a binary variable equal to 1 if a Servicemember separated within the indicated number of months of service (for any reason) and equal to zero if they served at least that many months.<sup>8</sup> It is worth noting that, because some Servicemembers in our dataset have accessed recently and have only had the opportunity to serve for, say eight months, they may be included in the six month analysis but not in the 12 month or 24 analyses. Similarly, everyone in our sample who accessed more than 24 months before the end of FY19 are included in all early separation analyses.

In addition to early separation outcomes, we examine five types of separation reasons:

- Disqualifying enlistment separation (DQ) (primarily used during ELS, decreasing through the first year of service) which include the following separation codes:
  - Erroneous entry (primarily used by the Navy)
  - Fraudulent entry (primarily used by the Marine Corps)
  - Failed procurement standards (primarily used by the Army and the Air Force)<sup>9</sup>
- Adverse behavior (used by all Services; least so by the Air Force) (primarily, and increasingly, used after ELS) which include the following separation codes:
  - Misconduct separation (to include Courts Martial and In Lieu of Courts Martial)
  - Drug use separation
  - Not Honorable separation
  - Rank reduction
- Suitability separation (used more so by the Army and the Air Force) which include the following separation codes:
  - ELPC (only used during ELS—more so near day 180)
  - UP (only used after ELS)
- Mental health separation (used more so by the Navy and the Marine Corps) which include the following separation codes:
  - CnD (used during and after ELS)
  - Personality disorder, adjustment disorder, mental disorder, disruptive behavior disorder, impulse control disorder
- Medical condition separation (used by all Services)

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<sup>8</sup> In the case of uncharacterized separations, the outcome is equal to zero if the Servicemember serves for more than 180 days.

<sup>9</sup> From our policy review, SME discussions, and descriptive statistics, we discovered that the Navy has overlapping disqualifying enlistment separation reasons, which the Services use for the same conditions. Combining them into one separation reason, DQ, allowed us to observe that this category has risen for the Army (driven by failed procurement standards) and fallen for the other Services over the last four years.

- Disability (primarily, and increasingly, used after ELS)

In each case, we set the outcome variable equal to 1 if the Servicemember separates for this reason at any length of service, whether it is five days or five years. Alternatively, the outcome is equal to 0 for those who either separated for a different reason or have not yet separated but have served for at least 2 years.

## Variables of interest

Our variables of interest are the four DoD waiver types:

1. Conduct waivers
2. Drug waivers
3. Dependent waivers
4. Medical waivers

A number of other factors might influence the relationship between enlistment waivers and separation outcomes. Servicemembers' observable characteristics at accession that we control for include age, marital status, AFQT score, education tier, race, ethnicity, gender, and rank at accession.

We control for the percentage of recruits with waivers that signed contracts before Servicemembers sign their contracts in a given month. This is because prior research shows that recruits with waivers who sign contracts at the beginning of a month perform differently than those who sign contracts at the end of the month [15]. That work concludes that, because recruiters are faced with monthly recruiting goals, recruits who otherwise might not have been given contracts are brought in toward the end of particularly difficult recruiting periods. Such recruits are typically of lower quality and tend to perform worse than those who join at the end of strong recruiting months. As a result, we include this measure to account for the relationship between recruit performance and overall waiver-granting behavior.

Finally, we adjust for differences in retention over time and for correlated outcomes among cohort-mates. The percentage of recruits who access with a waiver is positively correlated with the economy's strength at time of accession. Because the economy's strength has a direct effect on a Servicemember's likely retention, we include fixed effects for the specific month of accession (e.g., November 2011). Finally, the retention and separation behavior of a given Servicemember likely correlates with that of other Servicemembers in his or her accession cohort. To account for the effect that has on the estimated error of our coefficients, we cluster our standard errors at the accession-month cohort level.

## Descriptive statistics

### Trends in DoD enlistment waivers

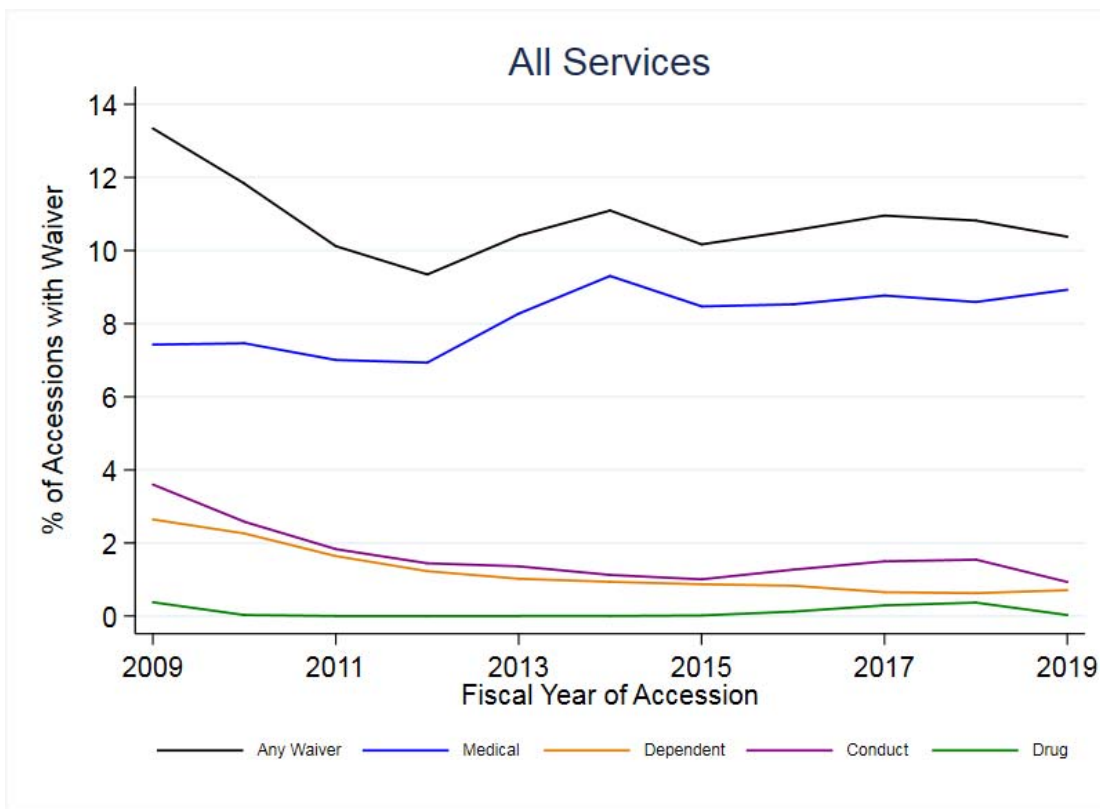
#### Medical enlistment waiver use grew in the past decade

Since 2011, roughly 10 percent of active component enlisted accessions have had waivers (see Figure 2). Over that time, the Services have primarily and increasingly used medical waivers (up from 7 to 9 percent), rarely and decreasingly used dependent and conduct waivers (down from above 2 percent), and almost never used drug waivers.

Figure 2 displays the overall percentage of accessions with enlistment waivers from 2009 to 2019, and also breaks these enlistment waivers down by waiver type. The percentage of accessions with a DoD enlistment waiver rose by a couple of percentage points from 2012 to 2014. That enlistment waiver growth is driven by medical waiver growth, which nearly doubled from 5 to 10 percent over that time, albeit with sporadic ups and downs since then. Medical waivers are the most common waiver type among the Services (ranging from 7 percent of accessions in FY12 and 9 percent of accessions in FY14). Dependent and conduct waivers occur less often and at similar rates among accessions. Dependent waivers were highest in FY09 at 2.6 percent of accessions and lowest in FY18 at 0.6 percent of accessions, while conduct waivers followed a similar pattern, peaking in FY09 at 3.6 percent of accessions. The incidence of drug waivers is very low and never tops 0.4 percent over this time.



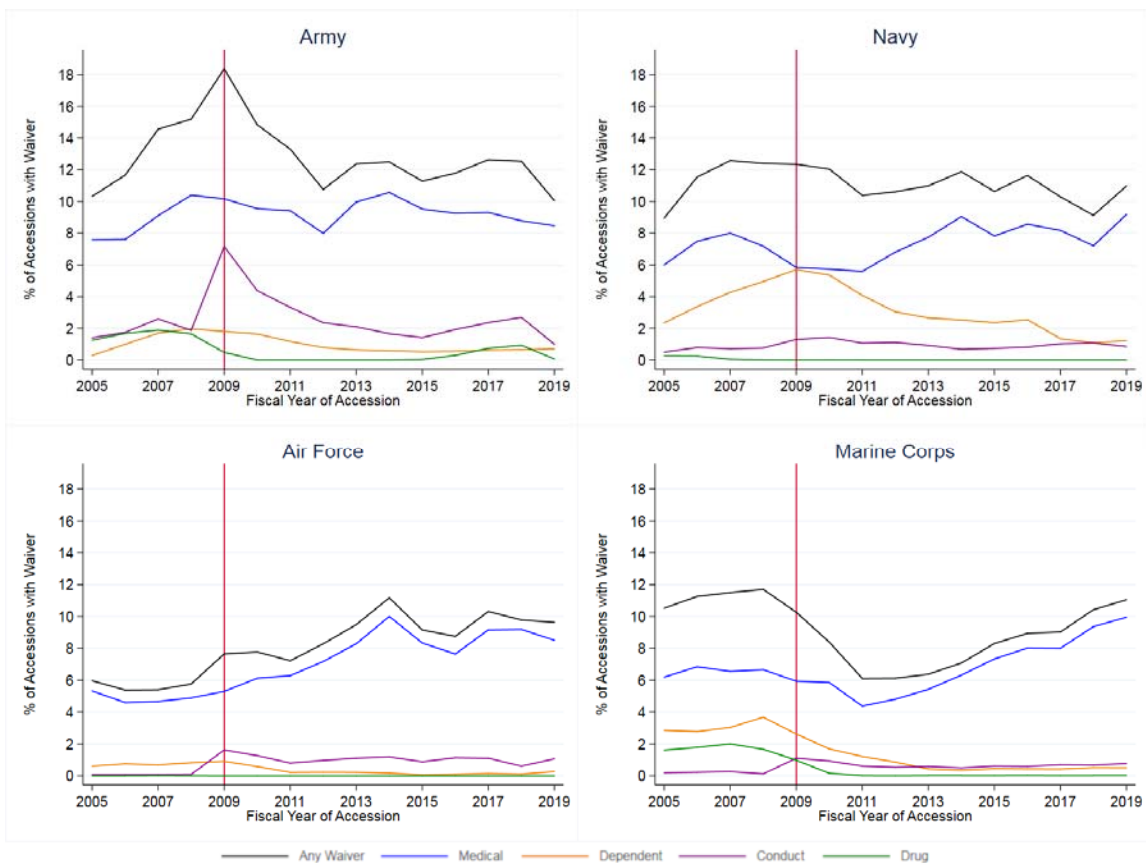
Figure 2. Percentage of accessions with DoD enlistment waivers, all Services, FY 2009–FY 2019



Source: DMDC.

Broken down by Service (see Figure 3), we observe that, although the 9 percent of accessions with medical waivers currently is universal across Services, the journey to get there looks different for the Army than for the Navy, Air Force, and Marine Corps. The Army's medical waiver rate has been at 9 percent for the past decade, signaling that it likely was already struggling in 2010 (and perhaps its waiver approval authorities would not approve waivers at a higher rate). The Navy, Air Force, and Marine Corps medical waiver rates have almost doubled to get to the current 9 percent, which signals that they likely *began* their struggles in 2011. This doubling is to be expected, given the improving economy and the more difficult recruiting environment after the Great Recession.

Figure 3. Percentage of accessions with DoD medical waivers, by Service, FY 2009–FY 2019



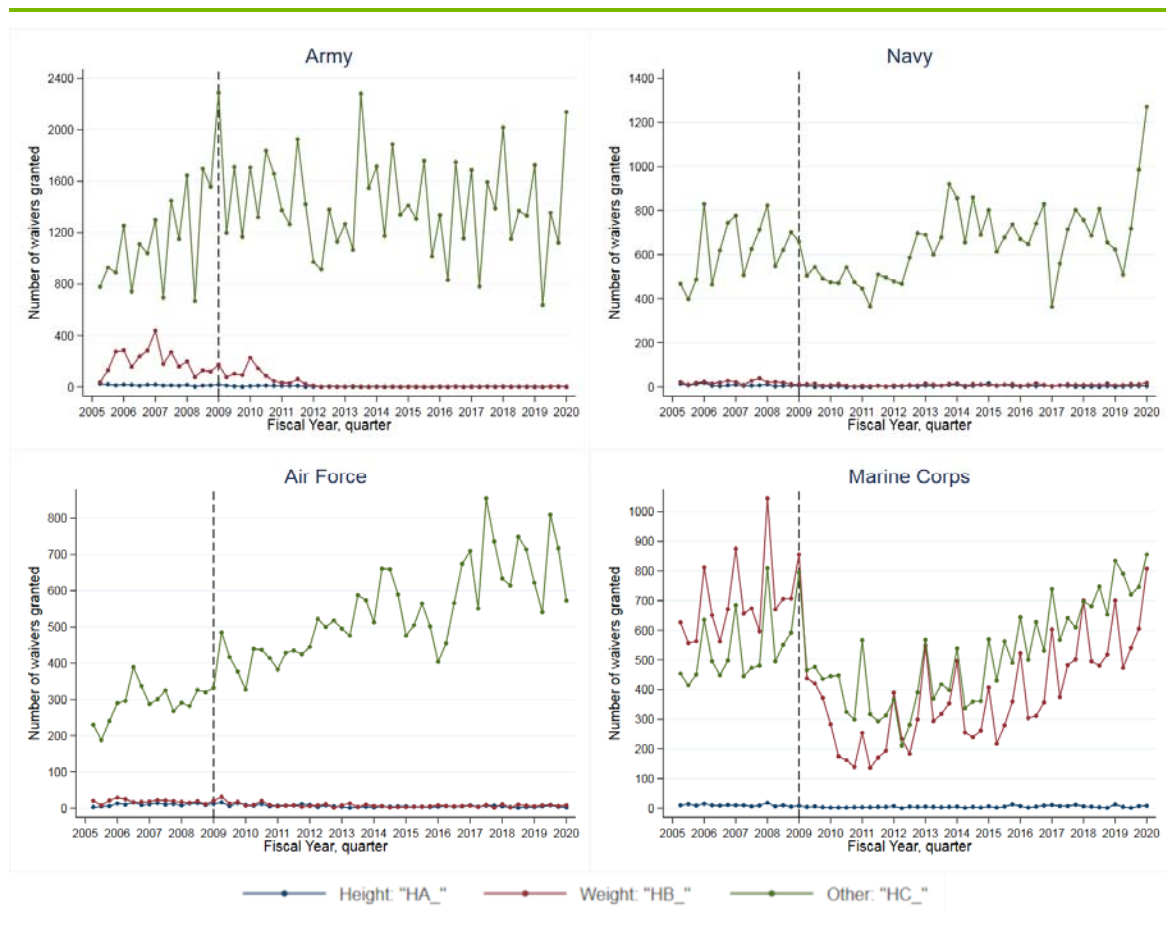
Source: DMDC.

Note: Vertical line indicates FY 2008 waiver policy change.

### Medical waiver growth stems from a rise in medical conditions, not height/weight waivers

Figure 4 shows that medical waiver growth stems from a rise in disqualifying medical conditions, not from a rise in the failure to meet DoD weight (other than in the Marine Corps) or height standards. However, because specific (ICD-10) medical conditions are not reported in the DMDC data, we do not know whether the increase in medical conditions is due to an increase in mental health or physical health conditions.

Figure 4. Medical waiver reasons, by Service, FY 2005–FY 2019



Source: CNA-generated from DMDC data.

Note: Vertical line indicates FY 2008 waiver policy change.

As mentioned, there is a discrepancy between how the Marine Corps and the other Services report their weight data. AP believes that the Marine Corps is incorrectly reporting its Service weight ETPs as DoD medical (weight) waivers. The Marine Corps believes that it is correctly

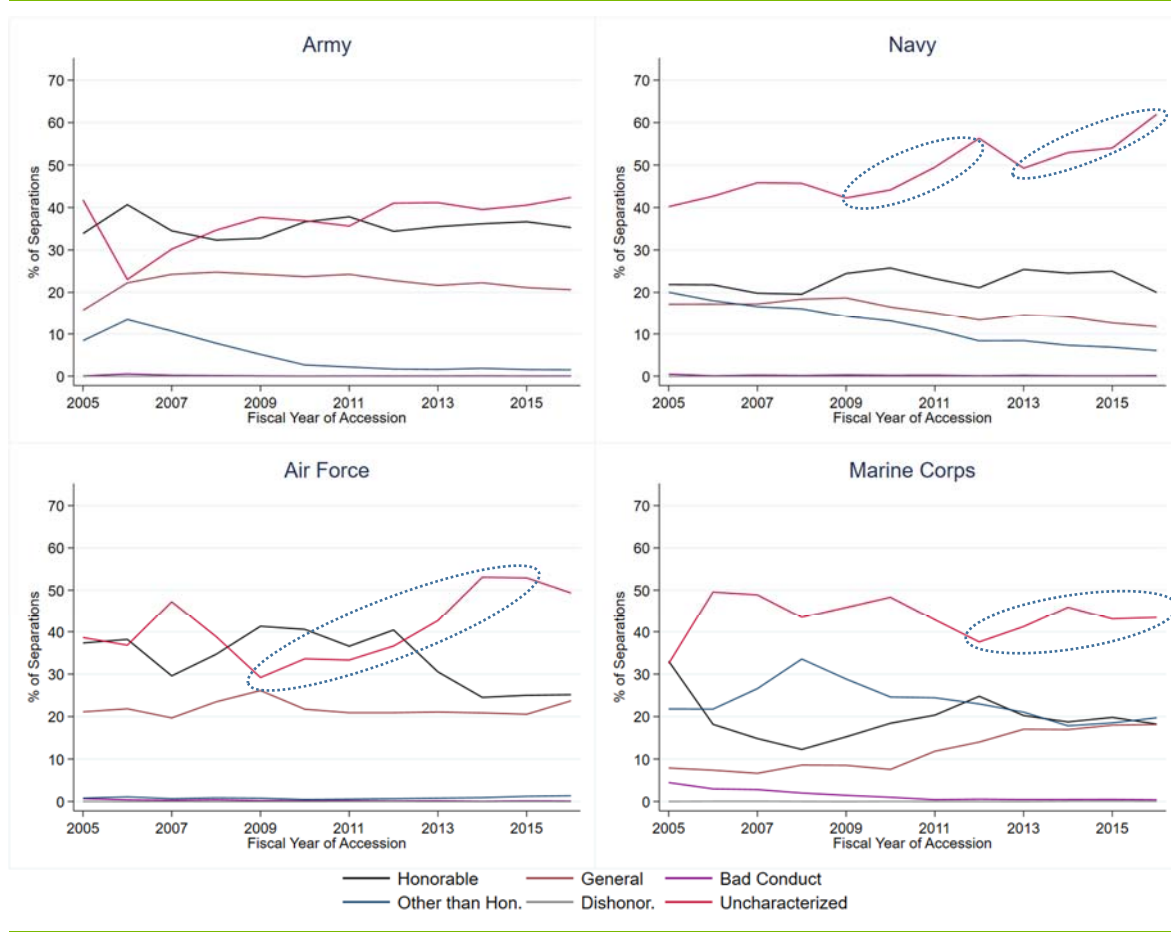
reporting these as DoD medical (weight) waivers and that the other Services are incorrectly reporting their DoD medical (weight) waivers.

## Trends in separation reasons

### Uncharacterized separation growth is driven by a rise in unsuitability and mental health separation reasons

Uncharacterized separations also have grown, from 40 to 60 percent of Navy, Air Force, and Marine Corps accessions in the last decade; meanwhile, that share has stayed put at 40 percent in the Army (see Figure 5).

Figure 5. Percentage of separations within three years of accession with uncharacterized separations, by Service, FY 2005–FY 2017



Source: DMDC.

That growth in uncharacterized separation stems from a rise in the use of the unsuitability (ELPC) and mental health (CnD) separation reasons in the Navy (from 10 to 40 percent), Air Force (from 40 to 70 percent), and Marine Corps (from 50 to 70 percent) (see Figure 6). At the same time, ELPC and CnD use fell in the Army, while its DQ use grew (from 30 to 60 percent).

Figure 6. Percentage of uncharacterized separations with unsuitability and mental health separation reasons, by Service, FY 2005–FY 2019



Source: DMDC.

### Discussion of trends

The growth in mental health and unsuitability separations over the past decade also is to be expected. We hypothesize that it is related to the following:

- Declining initial suitability, given declining civilian unemployment rates and an increasingly tough military recruiting environment over this period

- A reduced tolerance by recruit training depots for taking risk with mental health issues
- A rise in medical waivers, which may be related to the rise in youth mental health issues

To summarize the related trends, in the past decade, consider the changes in the following rates:

- Unsuitability and mental health separations have roughly doubled.
- Civilian unemployment has fallen from the highest to the lowest level in 30 years.
- Accessions with medical waivers have risen from 7 to 9 percent.
- Adolescent mental health issues have increased by over 50 percent.

On the last point, according to a 2019 study, mental health issues have been on the rise in the past decade among adolescents and young adults.<sup>10</sup> That includes more than a 50 percent increase in experiencing (1) depressive symptoms in the past year, (2) serious psychological distress in the past month, and (3) suicidal ideations, plans, and attempts in the past year.

Service representatives told us that two tragic events led to an overwhelming aversion to risk at recruit training depots on suicidal ideations, anxiety, and depression: the Marine Corps drill instructor hazing that resulted in a recruit suicide (March 2016 [17]) and the church shooting by a former Airman (November 2017 [18]). Recruit training can act as a new stressor that triggers mental health issues (i.e., adjustment disorder—an excessive reaction to life stressors).

Given the study scope and data available, we were not able to evaluate which of these trends most prominently affects unsuitability and mental health separations. It *can* be done, however.<sup>11</sup> Identifying a link between poor fit or poor mental health at accession and later attrition for these reasons matters because, to the extent that certain mental health issues are increasing and correlated with adverse outcomes, identifying *which* mental health issues are problematic could help stem the tide of adverse behaviors. Adverse behaviors include substance use, domestic violence, sexual assault, and suicide. Prior research shows that those who exhibit adverse behavior often have prior trauma or mental health issues that can be

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<sup>10</sup> Data were from the National Survey on Drug Use and Health on 212,913 adolescents age 12 to 17 from 2005 through 2017 and 398,967 adults age 18 and older from 2008 through 2017 [16].

<sup>11</sup> It would require a longitudinal analysis that controls for the following:

- Data on ICD-10 medical conditions at accession to tease out whether mental health issues are related to mental health separations
- The dates of the Marine Corps recruit suicide and former Airman church shooting
- The unemployment rate

triggered by new stressors [19]. The literature also shows that substance use is highly correlated with other adverse behaviors.

## Findings from the empirical analysis

See Appendix A for a complete list of regression estimates, which we summarize below.

### Those with drug waivers are at a high increased risk of separating for adverse behavior

Service representatives said that the concern about enlisting those who tested positive on the DAT at a MEPS is recidivism. Figure 7 shows the regression-adjusted drug waiver risk on separation outcomes. These outcomes support the concerns highlighted in the SME discussions and literature review.

On average, the outcome base rates are as follows:

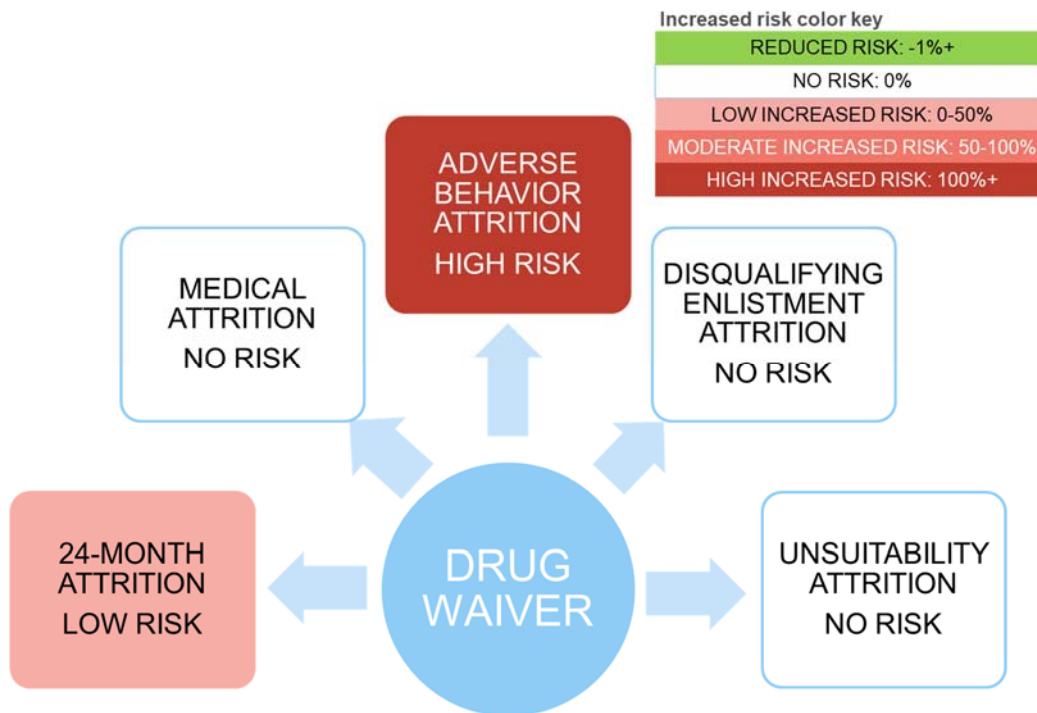
- 15 to 23 percent attrite by 24 months
- 12 to 14 percent receive a rank reduction
- 3 to 4 percent separate for drugs
- 6 to 10 percent separate for misconduct
- 15 to 19 percent separate with a Not Honorable characterization

On average, those with drug waivers have risks described as follows:

- Low increased risk of 24-month attrition of 4 to 7 percentage points (pp) (i.e., 16 to 50 percent)
- High increased risk of adverse behavior separation of
  - 12 to 19 pp (or 85 to 156 percent) for rank reduction
  - 13 to 14 pp (or 293 to 434 percent) for drug separation
  - 14 to 17 pp (or 143 to 269 percent) for misconduct separation
  - 22 to 27 pp (or 138 to 144 percent) for Not Honorable characterization separation

Although the outcome base rates were higher for the US Army (USA) than the US Marine Corps USMC), the “effects” of a drug waiver were larger for the USMC than the USA. The number of occurrences of drug waivers for the US Navy (USN) and US Air Force (USAF) were too low to estimate in the model for those Services.

Figure 7. Regression-adjusted drug waiver risk on separation outcomes, FY 2009–FY 2019



Source: CNA-generated from DMDC data.

### Those with misconduct waivers are at a moderate increased risk of separating for adverse behavior

From SMEs, the concern about enlisting those who have committed one major misconduct offense, two misconduct offenses, or a pattern of misconduct (one misconduct and four non-traffic-related offenses, or five or more non-traffic-related offenses) is recidivism. As with drug waivers, the misconduct waiver concern is real (see Figure 8).

On average, the outcome base rates are as follows (Services with the highest rates are in parentheses):

- 8 to 13 percent attrite by 6 months (USA, USN)
- 4 to 6 percent separate for mental health (USN, USMC)
- 9 to 14 percent receive a rank reduction (USA, USMC)
- 3 to 4 percent separate for drugs (similar across Services)
- 6 to 10 percent separate for misconduct (USA)

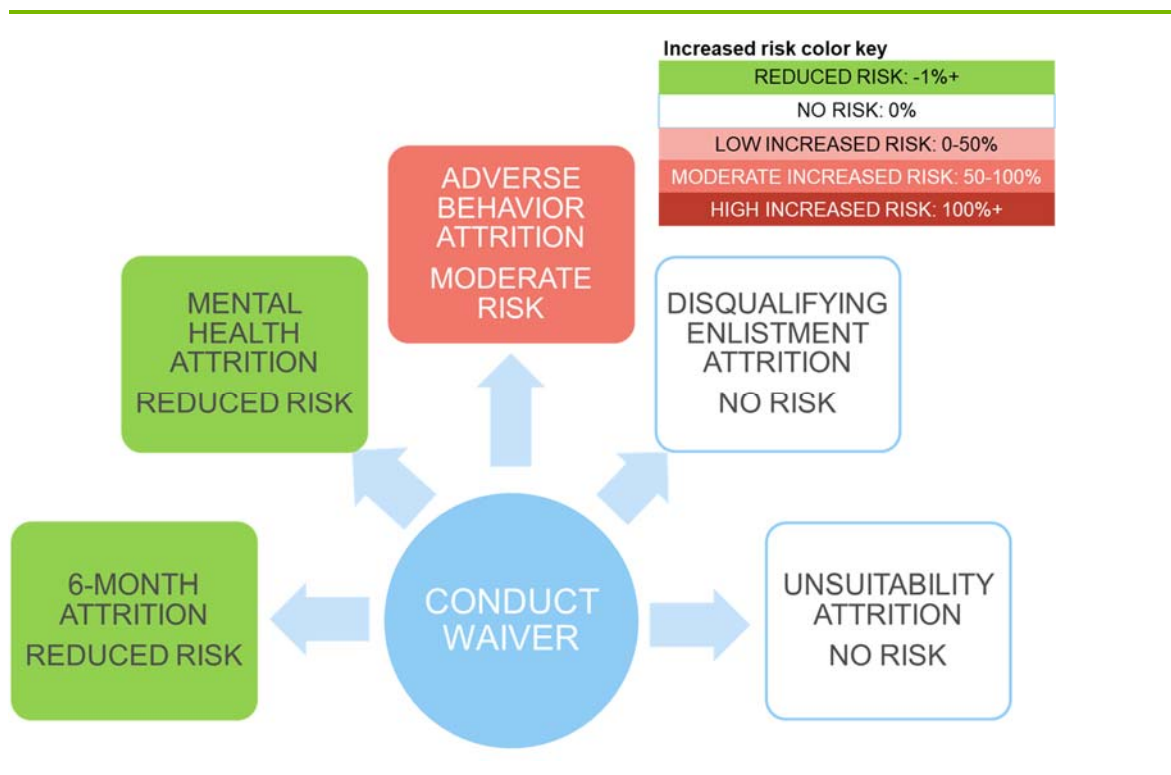


- 15 to 19 percent separate with a Not Honorable characterization (USA, USN, USAF)

On average, those with misconduct waivers have risk as described in the list that follows (Services with the highest effect sizes are in parentheses):

- Reduced risk of six-month attrition of 1 to 3 pp (or 15 to 22 percent)<sup>12</sup> (USA, USAF)
- Reduced risk of mental health separation of 1 pp (or 16 to 37 percent) (USAF, USMC)
- Moderate increased risk of adverse behavior separation of
  - 5 to 7 pp (or 46 to 60 percent) for rank reduction (USN, USAF, USMC)
  - 3 to 7 pp (or 86 to 118 percent) for drug separation (USN, USAF, USMC)
  - 4 to 6 pp (or 61 to 89 percent) for misconduct separation (USN, USMC)
  - 7 to 13 pp (or 45 to 65 percent) for Not Honorable characterization separation (USN)

Figure 8. Regression-adjusted conduct waiver risk on separation outcomes, FY 2009–FY 2019



Source: CNA-generated from DMDC data.

<sup>12</sup> There is no so-called effect in the USMC.

SMEs recommend that waivers (continue to) be hidden from commands to avoid differential treatment, whereas the literature recommends that, because destructive behavior recidivism rates are so high, there may be value in knowing about prior offenses to prevent recurrence or in not giving recruits who exhibit destructive behaviors a second chance altogether.

### **Those with dependent waivers are at a low increased risk of separating early for adverse behavior**

From SMEs, the concern about enlisting those who are married with two minors or unmarried with one minor is that their stress will affect their mission performance (i.e., financial stress about providing for their child or deployment stress from being separated from their child).

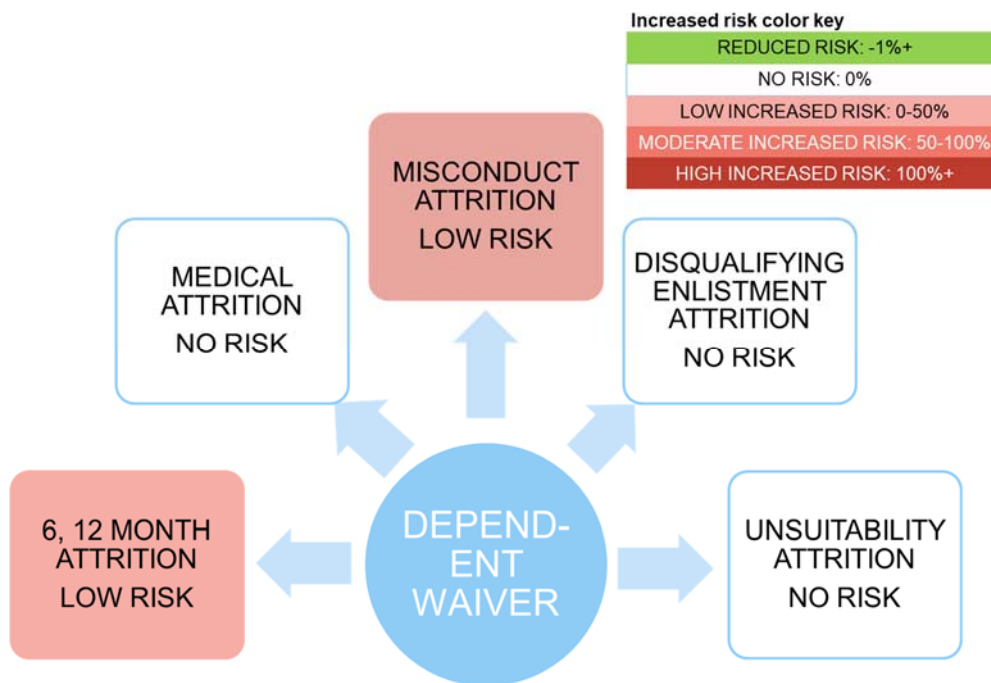
On average, the outcome base rates are as follows (Services with the highest rates are in parentheses):

- 8 to 13 percent attrite by 6 months (USA, USN)
- 10 to 16 percent attrite by 12 months (USA, USN)
- 6 to 10 percent separate for misconduct (USA)

The reality is that, on average, those with dependent waivers have a low increased risk of early attrition and misconduct separation (Services with the highest effect sizes are in parentheses) (see Figure 9):

- Low increased risk of early attrition
  - 2 to 3 pp (or 15 to 31 percent) for 6-month attrition (USA, USMC only)
  - 2 to 3 pp (or 21 to 22 percent) for 12-month attrition (USA, USMC only)
- Low increased risk of misconduct separation of 1 to 2 pp (or 12 to 26 percent) (USMC)

Figure 9. Regression-adjusted dependent waiver risk on separation outcomes, FY 2009–FY 2019



Source: CNA-generated from DMDC data.

## Those with medical waivers are at a low increased risk of separating early for medical/mental health reasons

From SMEs, the concern about enlisting those with disqualifying medical conditions is that they will be reinjured or their medical conditions will flare up. The concern is real, but it is a low risk (see Figure 10).

On average, the outcome base rates are as follows (Services with the highest rates are in parentheses):

- 8 to 13 percent attrite by 6 months (USA, USN)
- 10 to 16 percent attrite by 12 months (USA, USN)
- 15 to 23 percent attrite by 24 months (USA, USN)
- 3 to 9 percent separate for medical reasons (USA)
- 4 to 6 percent separate for mental health (USN, USMC)
- 4 to 11 percent separate for disqualifying enlistment (USN)
- 6 to 10 percent separate for misconduct (USA)

- 3 to 4 percent separate for drugs (similar across Services)
- 9 to 14 percent receive a rank reduction (USA, USMC)

On average, those with medical waivers have the following likelihoods of risk (Services with the highest effect sizes are in parentheses):

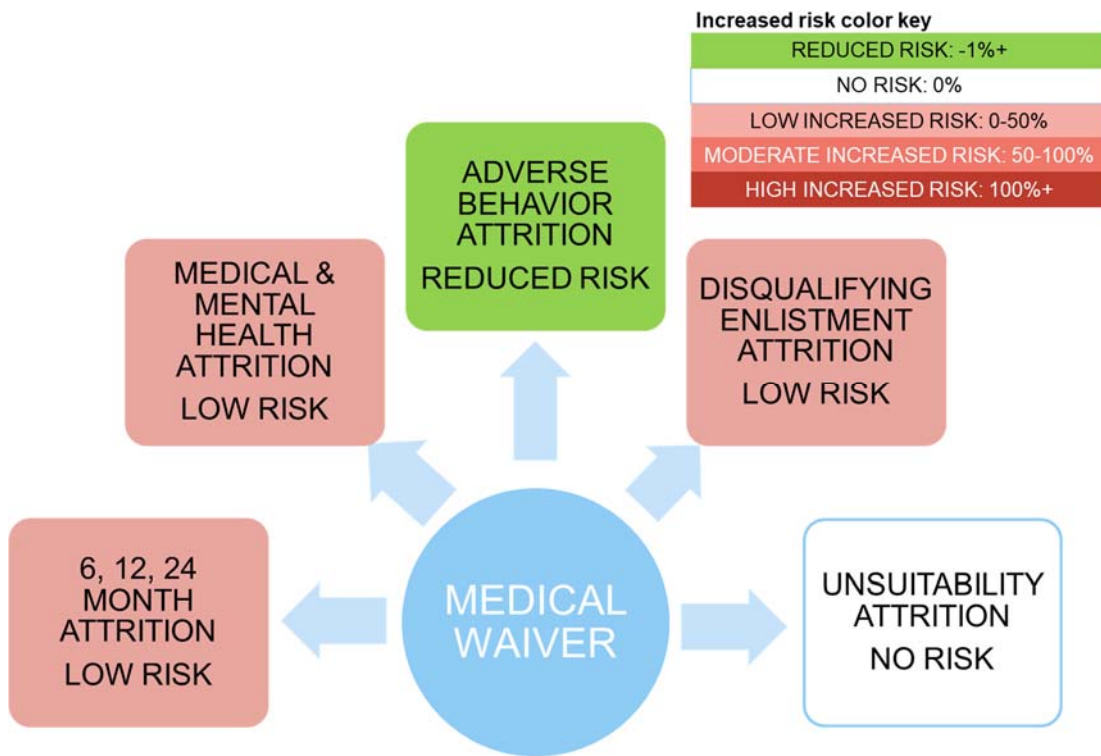
- Low increased risk of early attrition of
  - 1 pp (or 7 to 14 percent) for 6-month attrition (USMC; no USAF effect)
  - 1 pp (or 6 to 11 percent) for 12-month attrition (USMC; no USAF effect)
  - 1 pp (or 2 to 9 percent) for 24-month attrition (USMC; no USAF effect)
- Low increased risk of medical attrition of
  - 1 pp (or 7 to 18 percent) for medical separation (USAF; no USMC effect)
  - 1 pp (or 6 to 20 percent) for mental health separation (USMC)<sup>13</sup>
- Low increased risk of disqualifying separation, of 1 pp (or 7 to 15 percent) (USA)<sup>14</sup>
- Reduced risk of adverse behavior of
  - 1 pp (or 8 to 13 percent) for misconduct separation (USMC)
  - 1 pp (or 11 to 15 percent) for drug separation (USMC)
  - 1 pp (or 4 to 6 percent) for receiving a rank reduction (USAF; no USN effect)

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<sup>13</sup> There is no so-called effect in the USN or USAF.

<sup>14</sup> There is no so-called effect in the USMC.

Figure 10. Regression-adjusted medical waiver risk on separation outcomes, FY 2009–FY 2019



Source: CNA-generated from DMDC data.

## Waiver risk model

To make these results usable for the Services’ recruiting commands, we also have created a waiver risk model that helps the user understand how a waiver might affect the likelihood of separation for a specific applicant. This tool allows the user to identify information about a potential recruit—namely AFQT percentile, education tier, age, marital status, whether he or she would access above E1, and any waivers he or she would require—and returns the predicted likelihood of separation within 12, 24, or 36 months along with the most likely cause of separation. To create the model, we expand on our initial analysis to allow the effect of a waiver to vary by recruit characteristics. While our initial analysis estimates the average increase in separation probability for all waived recruits, the effects may vary significantly depending on the recruit. This is important because the so-called effect of a conduct waiver may be minimal for a strong candidate but large for a weaker candidate (e.g., a high school dropout with low AFQT scores). We therefore allow the relationship between a waiver and

separation probability to vary by a member's traits by interacting the waiver types with member traits and cohort waiver percentages. Doing so creates a distribution of estimated effects—namely, the difference in the likelihood of separation between two otherwise identical recruits. The difference in separation likelihood varies significantly by Servicemembers' traits. See Appendix B for a more complete description of the waiver risk model.

## Recommendations

### Closely screen those who require drug or conduct waivers

Using the *average* regression-adjusted drug and conduct waiver risk on separation outcomes might lead one to conclude that those requiring drug and conduct waivers should be screened out (to reduce in-service adverse behavior). However, this average effect does not necessarily apply to all types of recruits; the effect is as large or larger than the average for some sub-populations, but much smaller or null for other sub-populations. As a result, the waiver risk on separation outcomes in the waiver risk model shows that some applicants who require drug or conduct waivers are low risk (and safe to enlist), whereas others are high risk (and should be screened out). Therefore, we recommend that the Services use the waiver risk model in their decisions for these applicants.

To highlight the model's use, we show some of the aggravating and mitigating traits that put those requiring waivers at higher or lower risk of separating, respectively (see Table 3). Those who score lower on the AFQT and have a drug or dependent waiver are more likely to separate. Those who are older and have a medical waiver are more likely to separate, whereas those who are older and have a conduct waiver are less likely to separate. Those who are married or have a Tier III education (e.g., high school dropouts) and have a misconduct or dependent waiver actually are less likely to separate. Tier III recruits make up less than 1 percent of recruits between FY 2009 and FY 2019 in each Service.

Table 3. Some of the aggravating and mitigating characteristics for each waiver type

	Dependent	Conduct	Drug	Medical
AFQT Cat. II	+		+	
AFQT Cat. III	+		+	
Edu. Tier II	-			
Edu. Tier III	-	-		
Older		-		+
Married	-	-		

+ : increases risk of separation      - : decreases risk of separation

Source: CNA-generated from DMDC data.

## On average, those with dependent waivers are low risk

Unlike for those with drug or conduct waivers, using the *average* dependent waiver risk leads one to conclude that those requiring dependent waivers are relatively safe to enlist (low increased early attrition risk for adverse behavior). However, the *marginal* dependent waiver risk may be helpful in clarifying whether separation risk now exceeds a command's internal decision rule (e.g., enlist no applicants with less than a predicted value of "X," or do not approve waivers that reduce the predicted value of success by more than "Y").

## Enlist those requiring medical waivers, as usual, while more research is conducted

As for those with dependent waivers, using the *average* medical waiver risk leads one to conclude that it is relatively safe to enlist those requiring medical waivers (low increased early attrition risk for medical or mental health reasons). However, the mental health thread throughout this paper adds a note of caution (that the *marginal* medical waiver risk will not pick up because we currently cannot observe specific medical waiver conditions to differentiate mental health from other medical conditions). The caution is that mental health issues, combined with stressors, can result in adverse behaviors that the Services so want to eliminate.

Because there is a wide swath of mental health issues that may have different attrition effects, we do not recommend that the Services screen out all those with mental health issues. Instead, we recommend that those with medical waivers be enlisted, as usual, while the necessary data are prepared and analyzed. Currently, the Services collect data at enlistment or accession on the specific (ICD-10) medical waiver conditions that those with medical waivers have had. While those data are not yet in the electronic format required for data manipulation, such updates are scheduled.

## Services should solely use CnD to capture mental health separations

Currently, the Marine Corps uses both ELPC (failure to adapt) and CnD to capture mental health separations. We recommend that the Marine Corps update its Depot Order from using ELPC or CnD for adjustment disorder based on commander discretion to solely using CnD. We also recommend that all Services examine and update their respective policies to solely use CnD to capture mental health separations (including adjustment disorder).

## OSD should update its CnD policy to mirror BUMED's

DoD policy does not lay out mutually exhaustive options for when to use administrative separations or the disability evaluation system (DES) for conditions that interfere with assignment to or performance of duty. This oversight led to the use of CnD by the Department

of the Navy (DoN) to avoid the DES. BUMED updated its DoN CnD policy in 2018 to create mutually exhaustive categories and alleviate the chance of this reoccurring. These categories are for conditions that interfere with assignment to or performance of duty that are either (1) listed as compensable under VASRD → Referred to DES or (2) *not* listed as compensable under VASRD → Separated under CnD. We recommend that OSD update its CnD policy to mirror BUMED's.

### **Assess whether to screen out those with certain (ICD-10) mental health issues at higher risk of separating for mental health reasons**

We recommend that, together with the data used herein, the ICD-10 data be used to assess whether recruits who enlist with certain mental health issues are more likely to separate for mental health reasons. This would allow the Services to better understand whether recruits with certain mental health conditions should be screened out.

### **If the Services access those with mental health issues, they should support them**

Finally, we would be remiss if we did not acknowledge that the recommendation “to enlist those requiring medical waivers, as usual, while additional research is conducted” without providing them any additional support will continue the upward trend in medical waivers and mental health attrition. For this reason, we recommend adding mental health supports, as described next.

### **Offer mental health counseling throughout ELT**

Recruit training imposes stress on the body and mind that many recruits will not have encountered previously. We recommend that the Services offer therapy with clinical psychologists in recruit training and military occupational school, and that recruit training staff be trained to identify and refer to counseling those who could benefit from such services.

### **Promote leadership knowledge of adverse waiver status to provide support**

Because prior drug use and misconduct are predictive of future drug use and misconduct, and personnel files include a recruit's waiver status, we recommend that command leadership (during recruit training, occupational school, and in unit) seek out waiver status to provide support, refer recruits to counseling, and prevent offense recurrence. Note that this goes against SME recommendations to (continue to) hide waivers from commands to avoid differential treatment of waived recruits. The tradeoff that this presents is notable, and must be carefully considered. If leaders know their Servicemembers' waiver statuses, they may provide support and prevent adverse behavior, but also may unintentionally create self-fulfilling prophecies.



It is incumbent that policymakers assess whether the prevention of in-service adverse behavior (that a minority of waived recruits may commit) is worth the loss of waiver status anonymity (for the vast majority of waived recruits who will not commit adverse behavior) and the additional risk of bias (against recruits with adverse waivers). We assert that it is, *if* an emphasis is placed on exercising appropriate mentorship and being aware of/avoiding unconscious bias.

### **Separate those with drug or conduct waivers who exhibit in-service recurrence of such behavior**

We recommend that those with waivers be supported until they exhibit a recurrence of the issue or incident for which they received a waiver in the first place—i.e., drug use or misconduct, at which point they should be separated. To get a sense of whether the Services would start attriting large numbers of people if they enacted this, we show how often this happens in our sample: 4,086 accessed with a conduct or drug waiver and separated for conduct or drugs in the last 12 years. This recommendation is specific to adverse behaviors, as there already is a process in place for the review of medical conditions (DES). Given the increase in mental health conditions among the recruitable population, and the increase in mental health conditions among waived recruits, at some point it may be necessary to put a process in place—other than the administrative separations process, but mirroring and differentiated from the DES process—that is specific to the review of mental health conditions at separation.

# Entry-Level Status Separation Reasons and Length

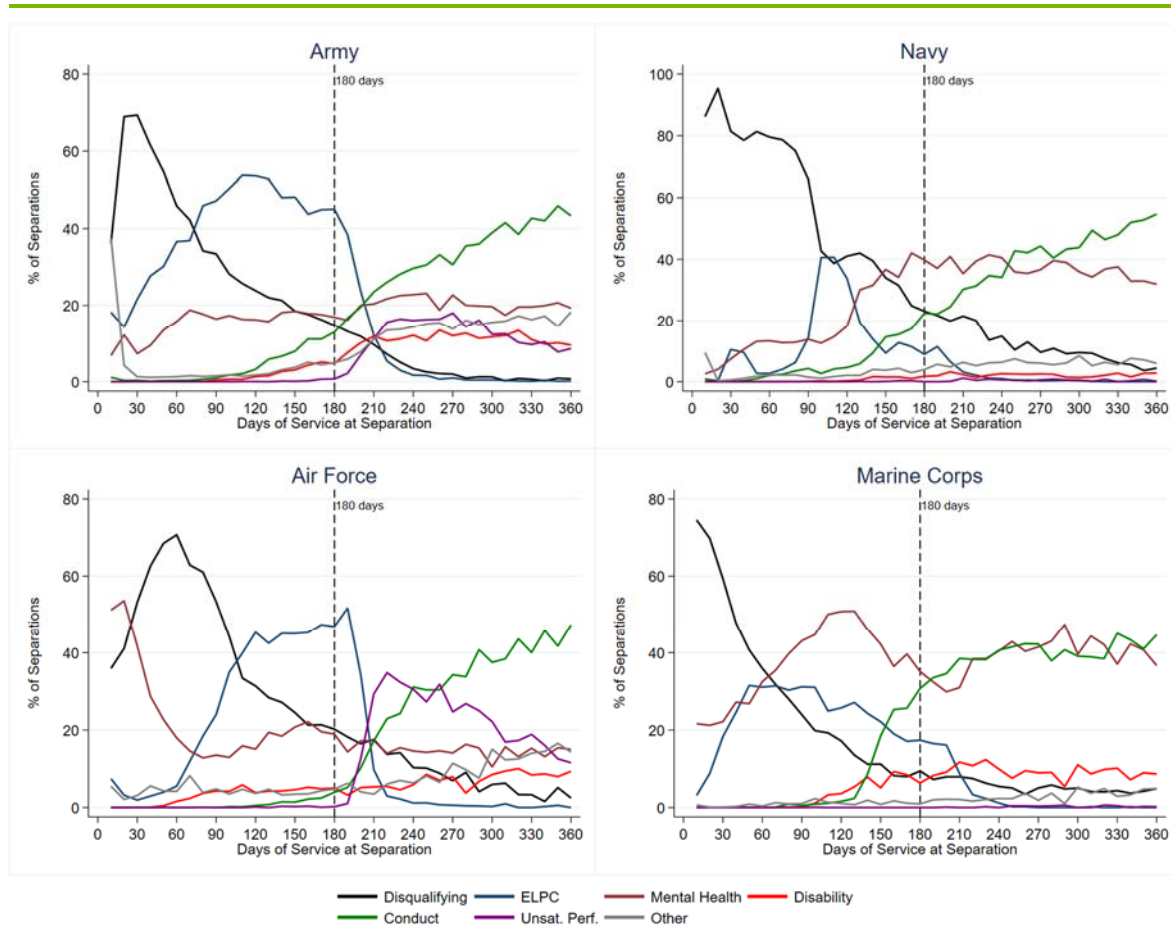
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In this section, we discuss inconsistencies in ELS separation reasons and then address ELS length by examining the arguments for and against extending ELS, introducing COAs, assessing their implications, and making a policy recommendation.

## Inconsistencies in separation reason use

To provide context for the ELS length discussion, we present the separation reasons used during and after ELS within the first year of service (see Figure 11).

Figure 11. Percentage of separations, by separation reason and days of service, FY 2005–FY 2019



Source: CNA-generated from DMDC data.

In the first year of service, 90 to 95 percent of separations occur for the following five types of separation reasons (see Figure 11): disqualification (DQ), unsuitability (ELPC, then UP), mental health (CnD), misconduct, and medical conditions (disability). Unsuitability and mental health are used throughout the first year of service, whereas disqualification is used primarily during ELS and decreasingly throughout the first year of service. Misconduct and medical conditions are used primarily after ELS and increasingly throughout the first year of service. During and after ELS, the Army and Air Force are more likely to use unsuitability, and the Navy and Marine Corps are more likely to use mental health, than their counterparts.

## During ELS

The separation reasons most frequently used in ELS are disqualification, unsuitability, and mental health (i.e., DQ, ELPC, and CnD). ELS separation reasons further differ during and after recruit training (see Table 4).

**Table 4. Separation reasons used most to least frequently in the first year of service**

Service	Recruit training	Post-recruit training to day 180	Day 180 to 365
Army	DQ, ELPC, CnD	ELPC, DQ, CnD, M	M, CnD, UP
Navy	DQ, CnD	DQ, ELPC, CnD, M	M, CnD, DQ
Air Force	CnD, DQ	ELPC, DQ, CnD	M, UP, CnD
Marine Corps	DQ, CnD, ELPC	CnD, ELPC, DQ (MCT) CnD, ELPC, M, DQ (post-MCT)	CnD and M, D

Source: CNA-generated from DMDC data.

Note: M = misconduct, D = disability, and MCT = Marine Combat Training.

Disqualifications typically are uncovered at recruit training check-in and categorized as either known by the recruit (fraudulent entry (FE)), not known by the recruit (erroneous enlistment (EE)), or without this distinction made by the Service (failed procurement standards (FPS)). Whereas the Army, Navy, and Marine Corps initially use disqualifications (FPS, EE, and FE, respectively) at recruit training, the Air Force initially uses mental health (CnD, typically for adjustment disorder), then disqualifications (FPS). The Navy uses disqualifications (EE) at a higher rate than the other Services, both during and after ELS.

Only the Army and Marine Corps use ELPC during recruit training. The Navy and Air Force do not use ELPC until members arrive at occupational school (they use only DQ and CnD during recruit training). ELPC use peaks, then declines, at day 180 for the Army and Air Force (consistent with their requests to use it for longer); this happens at day 100 for the Navy and Marine Corps (during A-school and at the end of MCT, respectively).

All Services use mental health (CnD) during ELS. The Army and Air Force use it relatively consistently throughout the first year of service. The Navy and Marine Corps use it more frequently after than during recruit training, and at twice the rate as the Army and Air Force for the rest of the first year of service.

## After ELS (in the first year of service)

The opportunity to use ELPC ends after ELS. Recall that ELPC can be used for the following:

- Lack of capability
- Lack of reasonable effort
- Failure to adapt (FTA)

- Minor disciplinary infractions

Given the absence of ELPC after ELS, the separation reasons used most frequently after ELS but still within the first year of service follow (see Table 5):

- **Misconduct** (all Services)—substitute for minor disciplinary infractions
- **Unsuitability** (UP) (Army, Air Force)—substitute for lack of capability/effort, FTA
- **Mental health** (CnD) (Navy, USMC)—substitute for lack of capability/effort, FTA
- **Medical conditions** (disability)—not an ELPC substitute

Table 5. Separation reasons used for unsuitability and mental health during and after ELS

Suitability		During ELS	After ELS	Service
Performance	ELPC	Lack of capability	CnD	Navy, Marine Corps
		Lack of effort	UP	Army, Air Force
Conduct	ELPC	Minor disciplinary infractions	Misconduct	All
Mental health	ELPC	Failure to adapt	CnD	All
	CnD			

Source: CNA.

All Services except the Air Force begin using misconduct during ELS (while ELPC still is available) and increasingly use it after ELS. Based on SME discussions and the data, the Air Force dislikes using misconduct as a separation reason during ELT (whether or not it is within the ELS period) for minor disciplinary infractions; it prefers to use ELPC.

Only the Army and Air Force use UP after ELS. Figure 11 shows that the Army and Air Force use ELPC as long as they can, then switch to UP (consistent with their requests to extend ELS (and ELPC)), whereas the Navy and Marine Corps do not use UP (they use CnD instead). If ELPC and UP were combined, the curve would appear as a normal distribution around day 180 for the Army and Air Force (suggesting that these reasons are being used in the same way).

## ELS length

### Why ELS is 180 days

In 1973, the Army set its version of ELS at 180 days to “separate members before they accrued veteran benefits” in its Army Trainee Discharge Program. Veteran benefits that begin at day 180 are home loans, dental, pre-separation counseling, federal veteran employment/training, and federal veteran preference. In 1982, OSD set ELS at 180 days, but did not explain why. We conclude that, like the Army, OSD set ELS at 180 days to preclude veteran benefit accrual for those separating from service before that threshold.

We also conclude that ELS was *not* set at 180 days in 1982 to coincide with the average military occupational training length. Average military occupational specialty (MOS) length for the Marine Corps around that time (1984) was 257 days—suggesting that training length was not the determining factor in setting ELS at 180 days.

## Arguments for and against extending ELS

The Army and Air Force's ELS extension requests and our discussions with Service representatives highlighted several reasons why the Services would like ELS to be longer than 180 days.

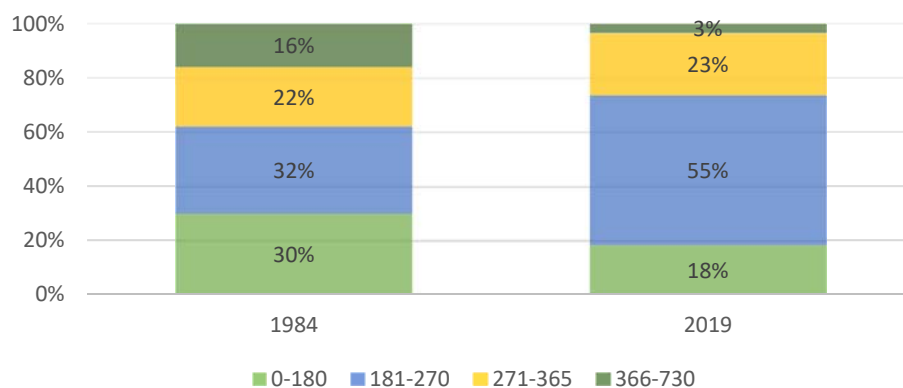
### Arguments for extending ELS

Arguments in favor of extending ELS follow:

- **To have more time to learn about the fit between the member and the service** while having access to a “no fault” uncharacterized separation and its associated ELPC separation reason. (Supported by Army and Air Force)
- **To delay being fully responsible for those who are “medically broken,”** the Services would like medical retention standards and ELS extended to the same length. (Supported by Air Force)
- **To limit the accrual of Honorable separations and veterans' benefits** to those members who are fully trained, which would uphold the integrity of Honorable separations and reduce the veteran benefit outlay. (Supported by Marine Corps)
- **To cover more of the entry-level training pipeline** since ELT pipeline lengths generally have increased over time. (For example, the percentage of Marine Corps enlisted entry-level occupations with training pipelines over 180 days increased from 70 to 81 percent between 1984 and 2019 (see Figure 12)). (Supported by all Services, but especially the Army and Air Force)

- **To have an alternative to “harsh” characterizations and separation reasons for those in ELT after day 180 who commit minor performance or conduct “fouls”** (e.g., some would prefer to continue to use the no-fault uncharacterized separation and ELPC separation reason throughout ELT rather than the harsher General (Under Honorable Conditions (UHC)) characterization and misconduct or unsatisfactory performance separation reason). (Supported by all Services, but especially the Army and Air Force)<sup>15</sup>

Figure 12. Distribution of Marine Corps MOSs by ELT pipeline length (in days), 1984 and 2019



Source: CNA-generated from Service-provided aggregate data.

<sup>15</sup> The Air Force dislikes using the General (UHC) characterization and misconduct separation reason for minor disciplinary infractions so much so that it often retains members rather than separate them for these reasons. The other Services are less reluctant to use misconduct when necessary, both before and after day 180.

It is not clear whether a member who is separating for poor performance or conduct in ELT would prefer to receive an uncharacterized/ELPC separation over a characterized/UP or characterized/misconduct separation. The implicit assumption in preferring uncharacterized/ELPC over characterized/UP and characterized/misconduct is that the opportunity to return to service is better for members than the opportunity to earn benefits. And the presumed inequity is based on this assumption. Yet, that preference likely varies by member. If the inequity exists, it has been exacerbated over time as the share of MOSs with ELT pipelines over 180 days has grown. Extending ELS would reduce that inequity.

To be eligible to receive the following veteran benefits at day 180, one must separate on or after day 180 for items 1–5 and under other than dishonorable conditions for items 3–5: (1) dental, (2) pre-separation counseling, (3) home loans, (4) federal veteran employment/training, and (5) federal veteran preference. The under-other-than-dishonorable-conditions category includes uncharacterized and all characterized separations except dishonorable.

## Arguments against extending ELS

The SME discussions also highlighted several reasons against extending ELS:

- **Reduced training return on investment (ROI).** Some oppose extending the ELS period because it may reduce the ROI from training for those who are separated in ELT after day 180. Yet, if current separation numbers and patterns hold, lengthening ELS will not reduce the Services' training ROI. However, Air Force representatives said that some recruits currently are retained after ELS because of a reluctance to separate them for what are considered bad separation reasons (i.e., misconduct). For this reason, there is concern that lengthening ELS will result in more separations overall and, consequently, will reduce overall training ROI. (Supported by OSD and Air Force)
- **Loss of veteran benefits.** Members who separate in an ELS extension window (the portion that exceeds 180 days) would no longer be eligible for the Honorable characterizations or veteran benefits for which they currently are eligible. (Supported by OSD and Army)
- **Additional VA workload.** When members are separated during ELS with an uncharacterized separation, they may appeal to become eligible for veteran benefits. Thus, extending the ELS window likely will result in a need for more benefit determinations by VA if those who are no longer eligible for benefits appeal to the VA for characterized separations. (Supported by VA)

## COAs for ELS length

We introduce ELS-length COAs that we will examine in the next section. We also lay out the statistics, assumptions, and simulations required to estimate the size and back-of-the-envelope cost of changes to the ELS population.

Based on discussions with the Services and sponsor, we formulated the following ELS COAs:

- 180 days (6 months) (default)
- 270 days (9 months)
- 365 days (1 year)
- 730 days (2 years)<sup>16</sup>

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<sup>16</sup> We excluded the end of ELT as a COA because it does not treat members equally based on service length, which is important to OSD.

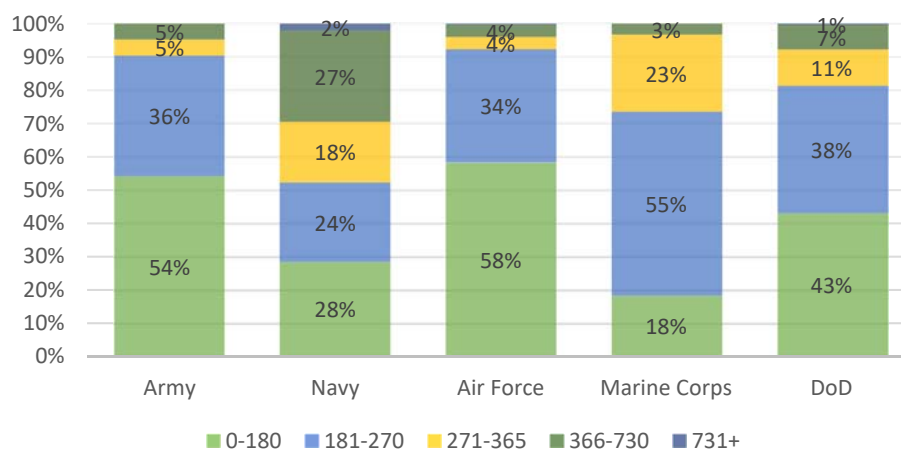


## Statistics required to evaluate COAs

### Percentage of MOSs that are fully trained by each COA

To determine which COAs satisfy stated ELS extension reasons, we calculated the percentage of military occupations that result in fully trained members by each COA length (see Figure 13). On average, across the Services in 2019, 43, 81, 92, 99, and 100 percent of military occupations result in fully trained members within ELS lengths of 180, 270, 365, and 730 days, and the end of ELT, respectively.

Figure 13. Distribution of military occupations by ELT pipeline length (in days) and Service, 2019



Source: CNA-generated from Service-provided aggregate data.

The Service(s) with the highest share of military occupations with short, medium, and long ELT pipelines follow:

- **Short ELT pipelines** (less than 180 days)—Army and Air Force (54 and 58 percent, respectively)
- **Medium length ELT pipelines** (between 180 and 365 days)—Marine Corps (55 percent)
- **Long ELT pipelines** (over 365 days)—Navy (29 percent)

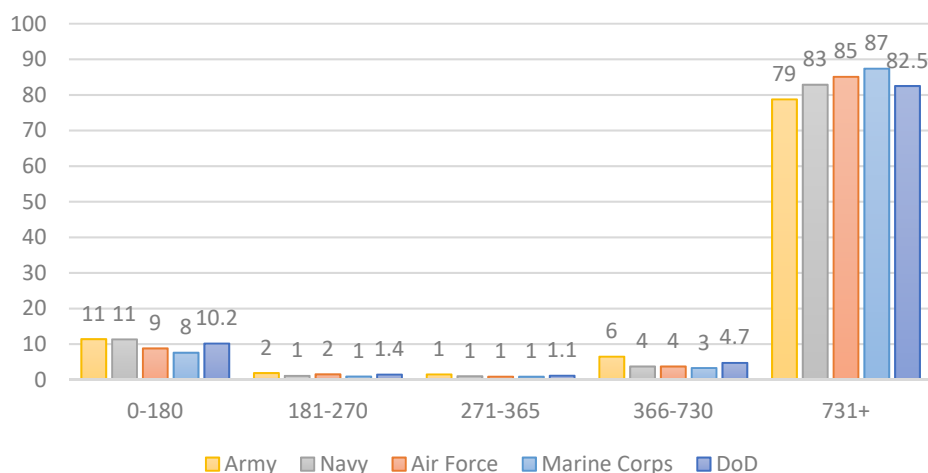
**Percentage of Servicemembers who separate by each COA**

For FY05 to FY17 accessions, we calculated the percentage of accessions who separate by each COA length. On average, over the Services:<sup>17</sup>

- 10 percent of members separate in the first 180 days
- 1.5 percent of members separate between 180 to 270 days
- 1 percent of members separate between 270 to 365 days
- 5 percent separate between 365 to 730 days (see Figure 14)

This varies little by Service.

**Figure 14. Percentage of accessions who separate by certain points in time (in days), by Service, FY 2005 to FY 2017**



Source: CNA-generated from DMDC data.

**Assumptions used to estimate ELS population size**

Assume that ELS will be extended to X days (where X is 270, 365, or 730). To estimate the size of the new ELS population, we assume the following:

- Members who separate between day 180 and X with an Honorable or General separation for the following reasons will now receive an uncharacterized separation:

<sup>17</sup> Because our COA with the longest proposed ELS allows ELS to extend through the first two years of service, we include in our analysis only those cohorts who have been around long enough to reach two years of service. As a result, we exclude FY 2018 and FY 2019 recruits from this analysis.

- DQ
- CnD
- ELPC (which groups the following between day 180 and X):
  - UP
  - Misconduct
  - Half of CnD separations for the Navy and Marine Corps<sup>18</sup>
- Separations that will continue to receive the same separation as before
  - Honorable or General for other reasons
  - *Not* Honorable or General after day 180 (e.g., some UP and misconduct)
  - Disability separation reasons will continue to receive Honorable separations

We make the foregoing assumptions to produce all tables and figures in this section.<sup>19</sup>

### Simulations used to estimate ELS population size

Figure 15 shows the additional separations per FY that would become uncharacterized if ELS were extended to each of three COAs (270, 365, and 730 days), based on our assumptions.

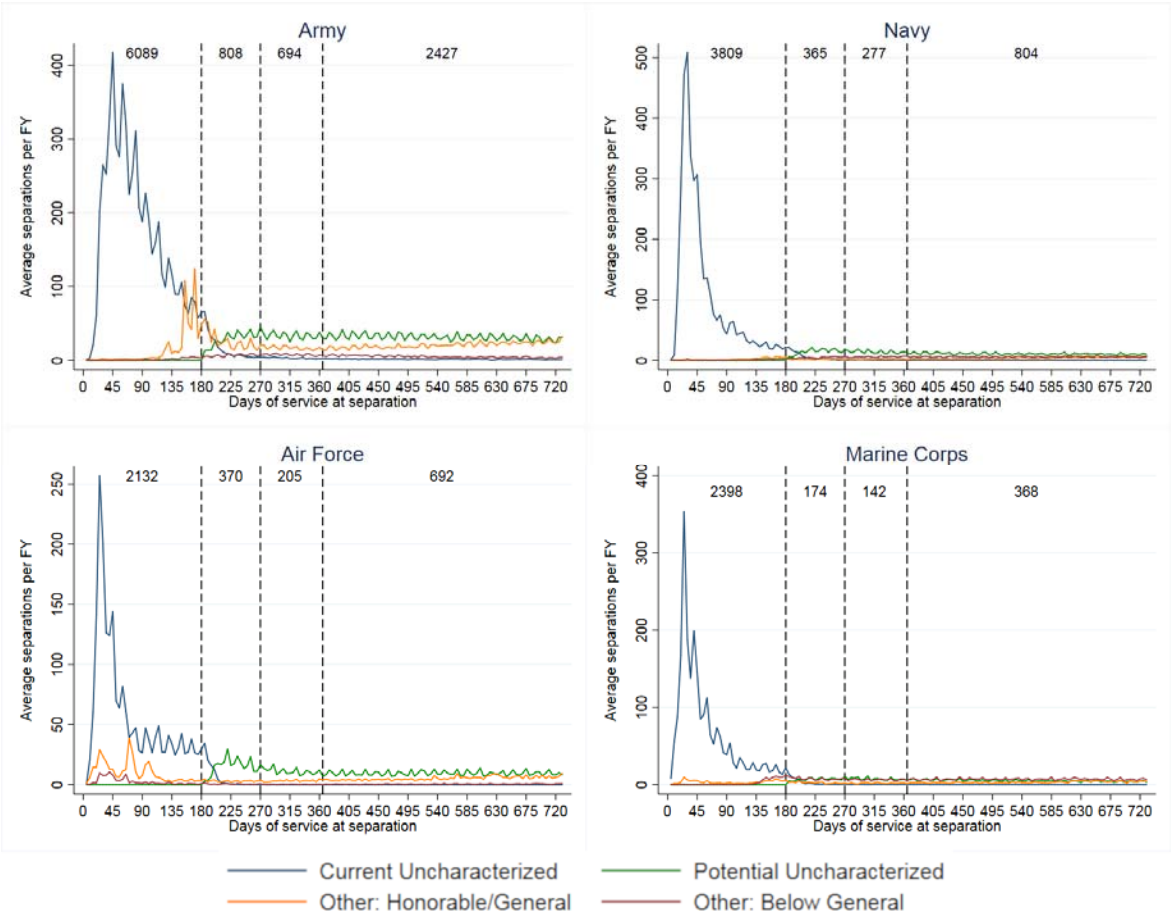
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<sup>18</sup> The Navy's and Marine Corps' CnD use increases after day 180 and is twice the Army's and Air Force's rates.

<sup>19</sup> Appendix C examines the following three additional scenarios that include behavioral assumptions. The first assumption is that, if current separation patterns hold, lengthening ELS will only change the type of separation reason and characterization, not the separation rate. However, Air Force representatives noted that they believe that some recruits currently are retained after ELS because of a reluctance to separate them for "bad discharges." Extending ELS would allow them to use no-fault uncharacterized/ELPC separations. There is concern, therefore, that lengthening ELS would result in a higher separation rate during the ELS extension window.

Another behavioral assumption we consider is that lengthening ELS could result in the Services retaining members longer to monitor their suitability. This could result in (a) those pre-day-180 separators being separated by the end of the lengthened ELS window (the same number attrite, but the attrition rate is lower before day 180 and higher during the ELS extension window) or in (b) pre-day-180 separators being remediated and retained (which would lower the attrition rate, overall, before day 180 and in the ELS extension window).

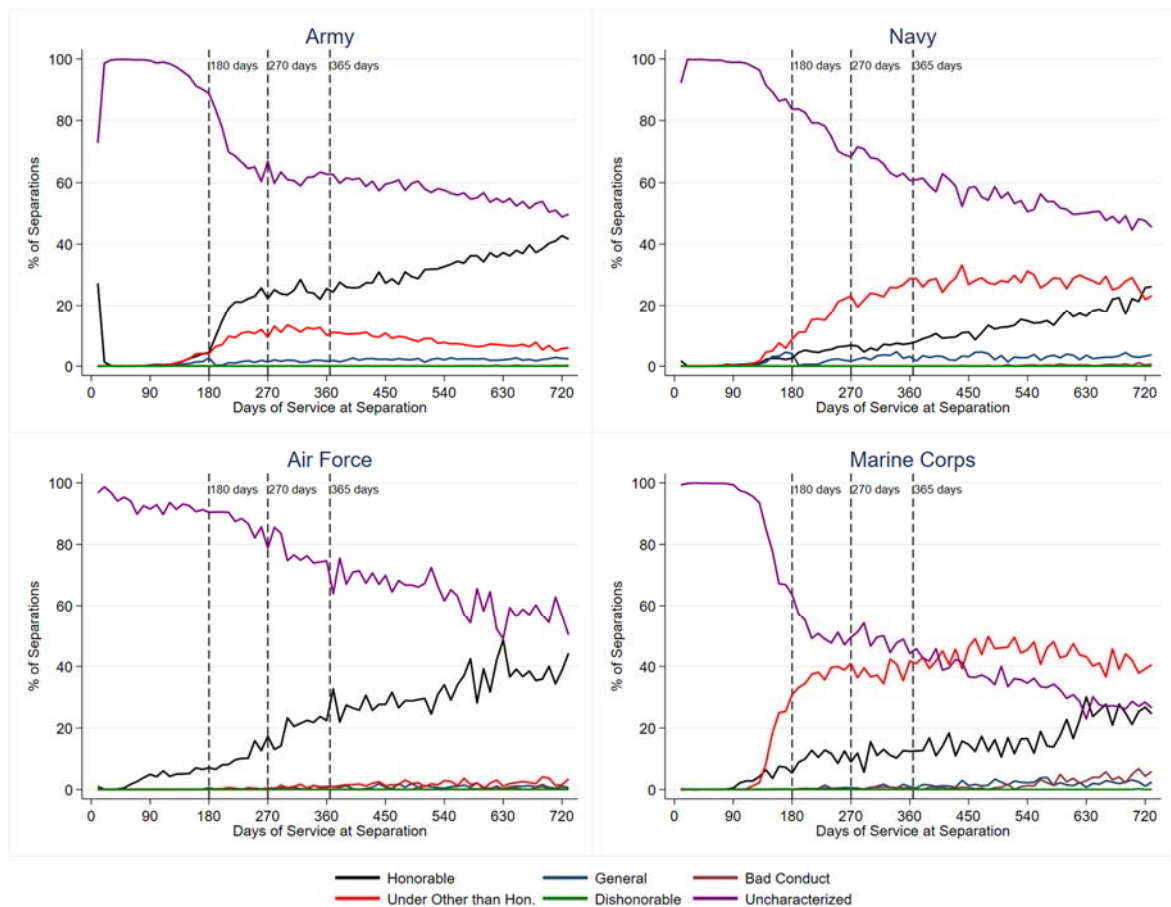
Figure 15. Additional uncharacterized separations per FY if ELS were extended to each of three COAs



Source: CNA-generated from DMDC data.

Figure 16 shows the share of separations that would be uncharacterized if ELS were extended, based on our assumptions.

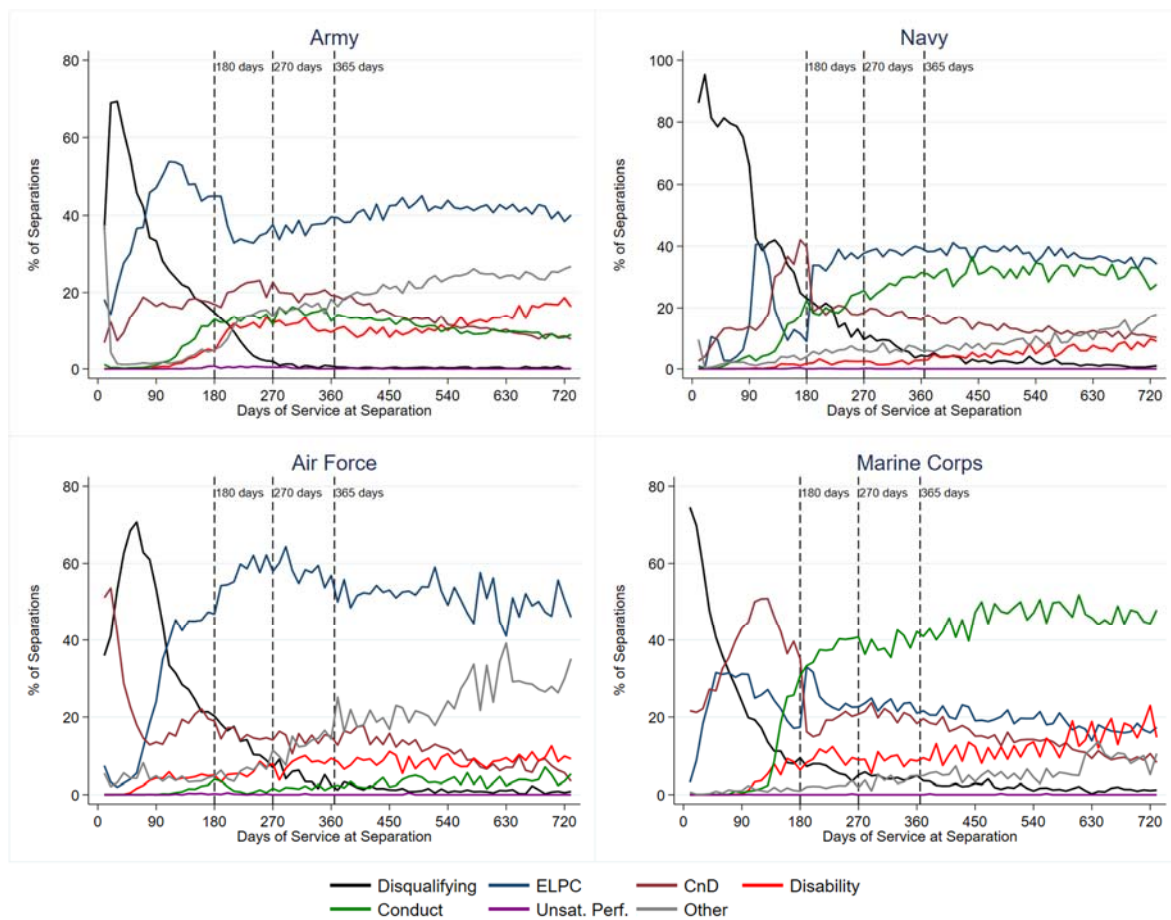
Figure 16. Uncharacterized share if ELS were extended to each of three COAs



Source: CNA-generated from DMDC data.

Figure 17 shows the share of separations that would be categorized as ELPC if ELS were extended, based on our assumptions.

Figure 17. ELPC share if ELS was extended to each of three COAs



Source: CNA.

<sup>a</sup> We assume that ELPC includes UP and misconduct for all Services, and half of CnD for the Navy and Marine Corps.

## Estimated size and back-of-the-envelope cost of the ELS population if ELS were extended

To estimate the size of the ELS population, we make assumptions on which separation reasons would be uncharacterized in an ELS extension window.<sup>20</sup>

To estimate the back-of-the-envelope cost of the ELS population, we make the following assumptions:

- There are many nonmonetary costs of extending ELS (which we discuss in the next subsection), but only two (albeit important) monetary costs—veteran benefit outlays and training ROI.
- The cost of veteran benefit outlays is related only to the size of the ELS population.
- Current separation numbers and patterns would hold (but are simply renamed) if ELS were lengthened, which would not change the Services' training ROI.<sup>21</sup>

Based on these assumptions, we estimate that the size of DoD's uncharacterized ELS population would increase and the cost of veteran benefit outlays would decrease as follows:

- By 12 percent if ELS was extended to day 270
- By 21 percent if ELS was extended to day 365
- By 51 percent if ELS was extended to day 730 (see Table 6)

**Table 6. Estimated increase in the ELS population size and decrease in veteran benefit outlays if ELS were extended, by COA**

ELS length extended to	ELS population size	ELS population size percentage increase and veteran benefit outlay decrease
Day 180	14,000	
Day 270	16,000	12%
Day 365	17,000	21%
Day 730	22,000	51%

Source: CNA.

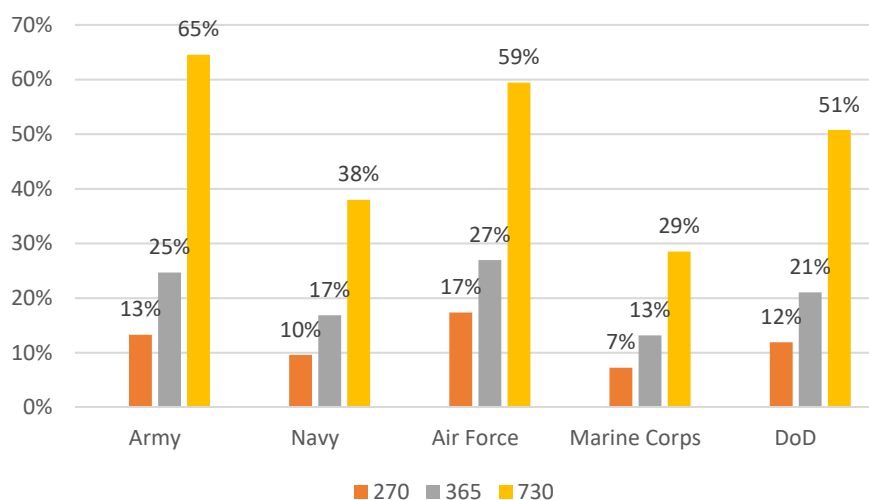
These percentages vary by Service (see Figure 18). As expected, the Army and Air Force would use uncharacterized the most because they are more likely to use UP and attach

<sup>20</sup> That includes DQ, CnD, and ELPC (which now groups UP, misconduct, and half of CnD for the Navy and Marine Corps).

<sup>21</sup> Appendix C considers the implications on veteran benefit outlays and training ROI from the Services separating more members during an ELS extension window, fewer members (retaining members after remediating them), or shifting separations to the right (retaining members for longer before separating them).

Honorable/General to UP and misconduct, which we assume would receive an uncharacterized separation in an ELS extension window). The Navy and Marine Corps would use it the least because they are less likely to use UP or attach Honorable/General separations to misconduct; they instead use CnD and assign what are considered bad characterizations to UP (e.g., Under Other than Honorable Conditions, Bad Conduct, or Dishonorable), which we assume would *not* receive an uncharacterized separation in an ELS extension window).<sup>22</sup>

**Figure 18. Percentage increase in size of ELS population and decrease in veteran benefit outlays from extending ELS to each of three COAs**



Source: CNA.

Note: The veteran benefit outlay reduction is only for the window between day 180 and the new ELS.

<sup>22</sup> The size of the Army's uncharacterized ELS population increases and its veteran benefit outlays decrease by:

- 13 percent per year, from roughly 6,000 to 7,000, if ELS is extended to day 270
- 25 percent per year, from roughly 6,000 to 8,000, if ELS is extended to day 365
- 65 percent per year, from roughly 6,000 to 10,000, if ELS is extended to day 730

The size of the Navy's uncharacterized ELS population increases and its veteran benefit outlays decrease by:

- 10 percent per year, from roughly 3,800 to 4,200, if ELS is extended to day 270
- 17 percent per year, from roughly 3,800 to 4,500, if ELS is extended to day 365
- 38 percent per year, from roughly 3,800 to 5,300, if ELS is extended to day 730

The size of the Air Force's uncharacterized ELS population increases and its veteran benefit outlays decrease by:

- 17 percent per year, from roughly 2,100 to 2,500, if ELS is extended to day 270
- 27 percent per year, from roughly 2,100 to 2,700, if ELS is extended to day 365
- 59 percent per year, from roughly 2,100 to 3,400, if ELS is extended to day 730

The size of the Marine Corps' uncharacterized population increases and its veteran benefit outlays decrease by:

- 7 percent per year, from roughly 2,400 to 2,600, if ELS is extended to day 270
- 13 percent per year, from roughly 2,400 to 2,700, if ELS is extended to day 365
- 29 percent per year, from roughly 2,400 to 3,100, if ELS is extended to day 730



## Evaluating ELS COAs

We now examine each COA, in turn, relative to the current ELS window of 180 days, by examining which COAs satisfy arguments for and against extending ELS (see Table 7).

Table 7. Which COAs satisfy arguments for and against extending ELS

ELS COA	Stakeholder	6 mo.	9 mo.	1 yr.	2 yr.	End ELT
Percent trained		43%	81%	92%	99%	100%
Percent separated		10%	12%	13%	18%	N/A <sup>a</sup>
Size of ELS population		14,000	16,000	17,000	22,000	N/A <sup>a</sup>
Increase in members who would lose benefits and decrease in veteran benefit outlays			12%	21%	51%	N/A <sup>a</sup>
<b>Reasons for extension</b>						
1. More time to learn about suitability, use no-fault exit before S is fully responsible for SM	S	No	Yes <sup>b</sup>	Yes	Yes	No
2. To cover more of ELT pipeline and treat members equally within an ELT	S	No	Yes	Yes	Yes	Yes
3. Limit Honorable separation and benefits to fully trained	S	No	No	Yes	Yes	Yes
4. Reduce veteran benefit outlay	S	No	Yes	Yes	Yes	No
5. Can enlist again at a later date and ELPC/uncharacterized may be better than the alternative (e.g., misconduct/General)	SM	No	Yes	Yes	Yes	No
<b>Reasons against extension</b>						
1. Loss of Honorable characterization, benefits	SM	No	Yes	Yes	Yes	No
2. Additional VA determinations	VA	No	Yes	Yes	Yes	No
3. Loss of training ROI <sup>c</sup>	OSD	No	No	No	No	No

Source: CNA.

Note: S = Service and SM = Servicemember.

<sup>a</sup> The darker the color gradient, the more strongly that reason is supported by the COA, consistent with the increasing percentage trained by ELS length.

<sup>b</sup> We could not calculate the percentage of members that separate by the end of ELT because we could not easily identify where members were in their pipelines from unit identification codes in the data. It could be done, but it was not feasible given the data that we had available.

<sup>c</sup> If current separation numbers and patterns hold, then lengthening ELS will not reduce the Services' training ROI. Appendix C examines the behavioral assumption that lengthening ELS will result in more separations overall and, consequently, will reduce training ROI. However, the effect on training ROI is not straightforward because other behavioral assumptions include the Services retaining members longer before they separate or retain them, which, consequently, will have no effect on and will increase training ROI, respectively.

### Stay at 180 days

Note that the current ELS of 180 days does not allow the Services to (1) monitor and separate the unsuitable with uncharacterized/ELPC for longer, (2) treat members in even half of ELT pipelines equally based on separation reasons and characterizations, (3) provide benefits only to the fully trained, or (4) reduce their veteran benefit outlay. It does avoid Servicemember benefit losses and the additional VA workload that would accompany it, but it does not provide members an automatic chance to enlist again at a later date or receive the more agnostic ELPC/uncharacterized over a worse alternative (e.g., misconduct/General).

Although several COAs would make certain stakeholders better off while making other stakeholders worse off, there is no COA that makes everyone at least as well off without making anyone worse off. Therefore, decision-makers will have to determine whether the benefits of certain COAs outweigh the costs to implementing them.

### Extend to 270 days

Extending ELS to 270 days would make the Services better off by (1) providing 90 more days to monitor and separate the unsuitable, (2) covering an additional 38 percent<sup>23</sup> of ELT pipelines (treating more members equally based on separation reasons and characterizations), and (3) reducing the veteran benefit outlay by roughly 12 percent. However, it does not provide benefits only to the fully trained (19 percent of ELT pipelines would still provide benefits to members who separate after day 270 in ELT). It makes Servicemembers worse off in that there is a 12 percent increase in separators who no longer earn veterans' benefits or Honorable separations, but better off in that they are allowed to enlist again at a later date and about half (of separators in the ELS extension window) are receiving better separation reasons than they otherwise would (e.g., uncharacterized/ELPC rather than General/misconduct). It makes the VA worse off because it could increase the VA's workload by roughly 12 percent.

### Extend to 365 days

Extending ELS to 365 days would make the Services better off by (1) providing 185 more days to monitor and separate the unsuitable, (2) covering an additional 49 percent<sup>24</sup> of ELT pipelines (treating members equally within an ELT pipeline), (3) providing benefits almost exclusively to only the fully trained (8 percent of ELT pipelines would still provide benefits to members who separate after day 365 in ELT), and (4) reducing the veteran benefit outlay by roughly 21 percent. It makes Servicemembers worse off in that there is a 21 percent increase

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<sup>23</sup> An increase from 43 to 81 percent; that 81 percent average ranges from lows of 52 and 73 percent in the Navy and Marine Corps to highs of 90 and 92 percent in the Army and Air Force.

<sup>24</sup> An increase from 43 to 92 percent; that 92 percent ranges from a low of 70 percent in the Navy, to highs of 95, 96, and 97 percent in the Army, Air Force, and Marine Corps.

in separators who no longer earn veterans' benefits and Honorable separations, but better off in that they are allowed to enlist again at a later date and about half are receiving better separation reasons than they otherwise would. It make the VA worse off because it could increase the VA's workload by roughly 21 percent.

### **Extend to 730 days**

Extending ELS to 730 days would make the Services better off by (1) providing 550 more days to monitor and separate the unsuitable, (2) covering an additional 56 percent<sup>25</sup> of ELT pipelines, (3) providing benefits only to the fully trained (only 1 percent of ELT pipelines would still provide benefits to members who separate after day 730 in ELT), and (4) reducing the veteran benefit outlay by roughly 51 percent. It makes Servicemembers worse off in that there is a 51 percent increase in separators who no longer earn veterans' benefits and Honorable separations, but better off in that they will be allowed to enlist again at a later date and about half are receiving better separation reasons than they otherwise would. It makes the VA worse off because it could increase the VA's workload by roughly 51 percent.

### **Extend to the end of ELT**

Although we exclude the end of ELT as a COA, we discuss the implications. Changing ELS to the end of ELT would cover 100 percent of ELT pipelines and provide benefits only to the fully trained. There is a disparity, however, based on ELT pipeline length for each of the remaining arguments for and against changing ELS. It would not provide benefits to the Services of (1) more time to monitor and separate the unsuitable in all occupations (in fact, it would provide less time for 43 percent of ELT pipelines and more time for 57 percent) or (2) reduced veteran benefit outlay (as above, it would be roughly offset). For Servicemembers, longer ELT pipelines would mean losing benefits in ELT after day 180 (but earning the ability to enlist again and use ELPC/uncharacterized for longer), whereas shorter ELT pipelines would mean gaining benefits earlier (but losing the ability to enlist again at a later date and use ELPC/uncharacterized for as long as they currently are able to do). The VA determination workload would likely be offset, as well, because it likely would increase for longer ELT pipelines and decrease for shorter ELT pipelines.

### **Discussion of findings**

The Services would like to continue to separate members using ELPC after 180 days. Because that separation reason is no longer available after day 180, the Army and Air Force use UP (and

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<sup>25</sup> This would be an increase from 43 to 99 percent; that 99 percent has a narrowed range of 98 percent in the Navy and 100 percent in the Army, Air Force, and Marine Corps.

misconduct) instead, although they would prefer to use ELPC (as their requests for the last four decades indicate). The Navy and Marine Corps use CnD (and misconduct) instead of UP.<sup>26</sup>

We conclude that extending ELS would make the Services better off by (1) providing them more time to monitor and separate the unsuitable, delaying the Services' full responsibility for members, (2) covering a higher percentage of ELT pipelines (treating members in a higher percentage of ELT pipelines equally based on separation reasons and characterizations, and being able to use ELPC/uncharacterized rather than bad separation reasons/characterizations during ELT), and (3) precluding the accrual of veterans' benefits and Honorable separations until members are fully trained, which reduces the veteran benefit outlay and upholds the integrity of Honorable separations. Extending ELS would make Servicemembers who separate in the ELS extension window worse off because they will no longer earn veterans' benefits or Honorable separations, but better off in that they will be allowed to enlist "as if for the first time" once issues resolve and (some will) receive better separation reasons than they otherwise would. It make the VA worse off because it could increase the VA's workload. Extending it to an absolute point in time rather than to the end of ELT means that members are treated equally based on service length, which is important to OSD. Last, and important, if current separation numbers and patterns hold (i.e., if only the name of the separation reason changes), then lengthening ELS will not reduce the Services' training ROI.

Air Force representatives, however, said that currently the USAF retains some recruits after ELS because of a reluctance to separate them for what are considered bad separation reasons (i.e., misconduct). This has led to concern that lengthening ELS will result in more separations overall and, consequently, will reduce overall training ROI.

Appendix C considers this and other "behavioral" implications of an ELS extension on veteran benefit outlays and training ROI during the ELS extension window.

Lengthening ELS could, in fact, have the following results:

1. Separating more members (those who previously would have been retained because the Services did not want to give them bad separation reasons, and those newly found to be unsuitable)
2. Separating fewer members (from monitoring/retaining the unsuitable for longer, and remediating/retaining them, which results in an improved member fit)
3. Shifting separations to the right (from monitoring/retaining the unsuitable for longer, but separating them by the end of the ELS extension window)

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<sup>26</sup> To date, the Navy and Marine Corps use of CnD instead of UP after ELS has not been noticed or criticized; however, the increasing CnD trend has been noticed by OSD, which is why its exploration is part of this study.

Therefore, this could result in:

1. Higher attrition and lower training ROI
2. Lower attrition and higher training ROI
3. Lower early attrition but slightly higher later attrition, with no effect on training ROI

Because the theory does not give us a clear prediction, we use the data in Figure 13 to characterize which effects on training ROI might dominate.<sup>27</sup> We conclude that, as ELS is extended, the positive effects on training ROI stay the same, the neutral effects on training ROI increase, and the negative effects on training ROI decrease. That is, an ELS extension maintains the positive effects and neutralizes the negative effects on training ROI.

Overall, we posit that lengthening ELS to cover ELT pipeline lengths, to the extent reasonable, while maintaining ELS as an absolute point in time is the ideal because it provides benefits to the Services without hurting training ROI, with the trade-off being a loss of benefits for Servicemembers (but a gain in neutral separations and the ability to enlist at a later date) and additional workload to the VA (that could be reduced through policy—e.g., if disability separations are automatically characterized as Honorable).

## Recommendations

### Extend ELS to day 365

We recommend that ELS be extended to day 365.<sup>28</sup> By this point, 92 percent of the Services' ELT pipelines would be complete (up from 43 percent at 180 days), treating almost all members equally based on separation reason/characterization and nearly precluding the accrual of veterans' benefits and Honorable separations to the fully trained. Although 99

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<sup>27</sup> We identify the percentage of military occupations that, if Servicemembers who would have separated stay into the ELS extension window, will result in members moving from:

- **Training to training.** Members staying longer but still separating in training will increase the training cost, but add no training benefit, resulting in a **negative effect on training ROI**. As ELS is extended to day X (where X is 270, 365, or 730), this decreases the percentage of ELT pipelines in this category (whose ELT is complete after day X) from 19, to 9, to 1 percent.
- **Training to unit.** Members staying longer results in them moving from their ELT pipeline to their unit, which will increase the training cost and training benefit, resulting in a **neutral training ROI**. As ELS is extended to X days, this increases the percentage of ELT pipelines in this category (whose ELT is complete within 180 to X days) from 38, to 49, to 56 percent.
- **Unit to unit.** Members staying longer results in them staying in their unit longer, which adds no training cost but increases the training benefit, resulting in an **increased effect on training ROI**. As ELS is extended to X days, this percentage of ELT pipelines in this category (whose ELT is complete before 180 days) stays the same, at 43 percent.

<sup>28</sup> If deemed necessary, exceptions could be made for those in ELT after day 365.

percent of pipelines would be complete by 730 days, this 7 percentage point increase in completed ELT pipelines comes at the cost of an additional year of time (550 rather than 185 additional days to monitor and separate the unsuitable, which seems unnecessary), and an additional loss of veterans' benefits (by 51 rather than 21 percent of Servicemembers who separate in the ELS window), which does not seem to be an equitable trade-off, even if it would entail a 51 percent rather than a 21 percent reduction in veteran benefit outlay.

**The Navy and Marine Corps should use UP (instead of CnD) for poor performance after ELS**

Currently, the Navy and Marine Corps do not use UP after ELS. Given the trends, they likely are using CnD for poor performance after ELS. We recommend that, as intended, they use UP for poor performance after ELS.

## Conclusion

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### Relationship between enlistment waivers and separation outcomes

We observe that, in the past decade, growth in enlistment waivers was driven by growth in medical waivers, and growth in uncharacterized separations was driven by growth in mental health (CnD) and unsuitability (ELPC) separations.

We find that those with drug or misconduct waivers are at high or moderate increased risk, respectively, of being reduced in rank and separating for adverse behavior; they have a reduced risk of separating by 6 months and an elevated risk of separating by 24 months. Those with dependent waivers are at a low increased risk of separating early for misconduct. Those with medical waivers are at a low increased risk of separating early for medical or mental health reasons.

We posit that the rise in unsuitability and mental health separations can be attributed to the following:

- Initial suitability decreasing as unemployment fell and recruiting got harder during this period
- A reduced recruit training tolerance for taking risk with mental health concerns
- The rise in medical waivers, which is a function of growth in mental health issues

We created a waiver risk model that allows the waiver effect to vary by recruit characteristics, which is important because a waiver effect may be minimal for a strong candidate but large for a weaker candidate.

We recommend that drug and conduct waivers be screened via the waiver risk model (rather than immediately screening out those requiring such waivers). Those with dependent waivers are relatively safe to enlist, and those with medical waivers should be enlisted, as usual, while more research is conducted. If those with mental health issues are enlisted, they should be supported in service through the provision of counseling services. We recommend that OSD adopt BUMED's CnD policy, that CnD (not ELPC) be used for all mental health separations, and that UP be used by the Navy and Marine Corps.

## ELS length and separation reasons

The Services use DQ, ELPC, and CnD separation reasons during ELS. They use misconduct, CnD, and UP after ELS. The Army and Air Force use ELPC up until day 180, when they switch to using UP. The Navy and Marine Corps' ELPC use declines around day 100; they use CnD consistently at twice the rate of the Army and Air Force before and after ELS, and they do not use UP. In considering ELS extension implications, we assume that misconduct, CnD, and UP separations that are Honorable or General would become uncharacterized in the ELS extension window.

OSD set ELS at 180 days in 1982 to preclude the accrual of veteran benefits. The Services would like ELS to be longer than 180 days to (1) allow more time to learn about suitability for service and use a no-fault exit before being fully responsible for a member, (2) preclude the accrual of Honorable characterizations and veteran benefits until members are fully trained, (3) treat members equally within an ELT pipeline, and (4) treat members equally based on service length. Reasons against extending ELS include a reduced training ROI (if members are induced to separate), a loss of veteran benefits, and a need for additional VA benefit determinations.

We examine the effect of extending ELS on the size and cost of the ELS population in three COAs. These COAs would result in the following increases in the estimated ELS population:

- Between 14,000 and 16,000 +/- 2,000 (an increase of 9 to 31 percent) if ELS is extended to day 270
- To 17,000 +/- 2,000 (an increase of 15 to 45 percent) if ELS is extended to day 365
- To 22,000 +/- 2,000 (an increase of 40 to 88 percent) if ELS is extended to day 730

Extending ELS would preclude the accrual of veterans' benefits and Honorable separations until members are fully trained (those in the ELS extension window would no longer earn these, which reduces veteran benefit outlays), would treat members equally within an ELT, would treat members equally based on service length, would provide fewer bad separation reasons and bad characterizations during ELT, would allow members to enlist "as if for the first time" once issues resolve for longer, and would delay the Services taking full responsibility for members. It will have no effect on training ROI, but it will increase VA benefit determinations.

If there is a "behavioral effect" of members staying longer, this will improve the fit of members, will provide lower early attrition for slightly higher later attrition, and will move members further along in their ELT pipelines, into their units, and in their units for longer, which increases training costs and benefits. Based on the share of military occupations whose ELT pipelines are complete within the possible ELS extension windows, we find that an ELS extension would maintain positive training ROI and neutralize negative ROI. If there is a behavioral effect of members being remediated as they stay longer, this will reduce attrition



before and after ELS and have a positive effect on training ROI. If there is a behavioral effect of members being induced to separate, this will increase attrition in the ELS extension window and have a negative effect on training ROI.

We recommend that ELS be extended to day 365. This would not only treat all members equally based on service length but also treat members in 92 percent of military occupations equally within an ELT pipeline—up from 43 or 81 percent if ELS were kept at 180 days or extended to 270 days, respectively, without being excessive (i.e., extending ELS to day 730 to treat members in 99 percent of military occupations equally). Exceptions could be made for those in ELT after day 365.

## Appendix A: Regression Estimates from the Empirical Analysis

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Tables 8 through 11 present estimates from the propensity score matching approach. Each table contains results for one of the four Services. Each estimate comes from a separately estimated regression equation. For example, the estimated relationship between assessing a recruit with a medical waiver and the likelihood of separation within six months in the Army comes from first estimating the likelihood of accessing into the Army with a medical waiver (based on a number of recruit traits), then trimming the sample to include only the most similar medical-waivered and non-medical-waivered Army recruits. The remaining observations are included in a regression in which the relationship between a recruit with a medical waiver and the six-month separation rate is estimated, controlling for recruit traits. In these four tables, we estimate that Army recruits with medical waivers are about 1 percentage point more likely to separate within six months than recruits who access without medical waivers. This process is repeated for each waiver-outcome relationship in each Service. The lower panel of each table presents the number of waived and nonwaived observations in each estimation.

The standard error for each estimate is given below the point estimate. Significant estimates are denoted by the following scheme:

- Red/green: significant in this and the three other Services
- Orange/lime: significant in this and two other Services
- Light red/light green: significant in this and one other Service
- Red shades indicate that a waiver of that type increases the outcome's likelihood
- Green shades indicate that a waiver of that type decreases the outcome's likelihood

Although we present only a few estimates in this report, our analysis relied on a variety of empirical approaches. In addition to the propensity score matching estimates presented in the paper, we conducted simple Ordinary Least Squares (OLS) multivariate regressions that controlled for traits at accession, cohort waiver percentages, and month of accession fixed effects. Though not presented here, the coefficients from these estimates closely align with those found in the regression-adjusted estimates for all observations.

Table 8. Propensity score matching estimates, Army

Waiver Type	Timing of Separation				DQ	Unsuitability		Medical		Adverse Behavior			
	(1) By 6 months	(2) Uncharacterized	(3) By 12 months	(4) By 24 months	(5) Disqualifying	(6) ELPC	(7) Unsat. Perf.	(8) CnD	(9) Disability	(10) Conduct	(11) Drugs	(12) Not Honorable	(13) Rank Reduction
Dependent	0.02	0.02	0.03	0.02	0.01	0.01	0.00	0.00	0.01	0.01	0.00	0.03	0.00
	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.01	0.01
Conduct	-0.03	-0.02	-0.03	-0.01	-0.01	-0.01	-0.01	-0.01	0.00	0.06	0.04	0.09	0.07
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Drug	-0.02	-0.02	-0.02	0.04	-0.02	-0.03	0.00	0.00	-0.02	0.14	0.13	0.27	0.12
	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.01	0.01	0.01	0.01	0.02	0.02
Medical	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.01	-0.01	-0.01	-0.02	-0.01
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations													
Dependent	3,638	3,638	3,547	3,257	3,257	3,257	3,257	3,257	3,257	3,257	3,257	1,381	2,445
(comparison)	155,548	155,548	150,519	140,522	140,522	140,522	140,522	140,522	140,522	140,522	140,522	46,113	86,034
Conduct	16,736	16,736	16,487	14,928	14,928	14,928	14,928	14,928	14,928	14,928	14,928	9,144	12,407
(comparison)	439,625	439,625	421,000	366,749	366,749	366,749	366,749	366,749	366,749	366,749	366,749	150,438	271,162
Drug	1,556	1,556	1,542	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,041	482	775
(comparison)	608,206	608,206	587,504	536,431	536,431	536,431	536,431	536,431	536,431	536,431	536,431	278,551	425,387
Medical	56,908	56,908	55,149	50,463	50,463	50,463	50,463	50,463	50,463	50,463	50,463	26,225	39,787
(comparison)	501,355	501,355	482,177	433,266	433,266	433,266	433,266	433,266	433,266	433,266	433,266	198,385	329,443

Waiver Type	Timing of Separation				DQ	Unsuitability		Medical		Adverse Behavior			
	(1) By 6 months	(2) Uncharacterized	(3) By 12 months	(4) By 24 months	(5) Disqualifying	(6) ELPC	(7) Unsat. Perf.	(8) CnD	(9) Disability	(10) Conduct	(11) Drugs	(12) Not Honorable	(13) Rank Reduction
Mean(Y)	0.113	0.118	0.148	0.23	0.0514	0.0599	0.0169	0.0375	0.0874	0.0963	0.0426	0.193	0.144
Dependent	15%	14%	22%	9%						13%		14%	
Conduct	-22%	-21%	-19%	-4%	-21%	-24%	-37%	-16%		66%	86%	48%	46%
Drug	-19%	-17%	-15%	16%	-43%	-48%			-22%	143%	293%	138%	85%
Medical	7%	6%	6%	2%	15%			6%	7%	-11%	-12%	-8%	-4%

Color key:

decrease	Significant for all services	increase	Significant for all services
decrease	Significant for 3 services	increase	Significant for 3 services
decrease	Significant for this service	increase	Significant for this service

Source: CNA analysis of DMDC data.

Table 9. Propensity score matching estimates, Navy

Waiver Type	Timing of Separation				DQ	Unsuitability		Medical		Adverse Behavior			
	(1) By 6 months	(2) Uncharacterized	(3) By 12 months	(4) By 24 months	(5) Disqualifying	(6) ELPC	(7) Unsat. Perf.	(8) CnD	(9) Disability	(10) Conduct	(11) Drugs	(12) Not Honorable	(13) Rank Reduction
Dependent	0.00	0.00	0.01	0.00	0.01	-0.01	0.00	0.00	0.01	0.01	0.01	0.04	0.02
	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01
Conduct	-0.02	-0.02	-0.01	0.02	-0.01	0.00	0.00	-0.01	-0.01	0.06	0.03	0.13	0.06
	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.01	0.00	0.01	0.01
Drug													
Medical	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	-0.01	0.00	-0.01	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations													
Dependent	5,464	5,464	5,299	5,068	5,068	5,068	5,068	5,068	5,068	5,068	5,068	1,476	3,948
(comparison)	250,081	250,081	240,177	223,349	223,349	223,349	223,349	223,349	223,349	223,349	223,349	60,436	170,338
Conduct	3,527	3,527	3,379	3,084	3,084	3,084	3,084	3,084	3,084	3,084	3,084	1,435	2,457
(comparison)	92,101	92,101	84,188	71,672	71,672	71,672	71,672	71,672	71,672	71,672	71,672	14,911	46,486
Drug (comparison)													
Medical	26,124	26,124	25,204	22,892	22,892	22,892	22,892	22,892	22,892	22,892	22,892	8,048	18,071
(comparison)	241,681	241,681	228,180	199,333	199,333	199,333	199,333	199,333	199,333	199,333	199,333	45,034	142,060

Mean(Y)	0.131	0.132	0.157	0.209	0.113	0.0179	0.00137	0.0551	0.0266	0.0670	0.0291	0.194	0.111
Dependent						-39%				12%		18%	14%
Conduct	-15%	-16%		8%	-12%	-23%		-16%	-23%	89%	118%	65%	53%
Drug													
Medical	9%	9%	8%	4%	7%				12%	-8%	-11%		

Color Key

<b>decrease</b>	Significant for all services	<b>increase</b>	Significant for all services
decrease	Significant for 3 services	increase	Significant for 3 services
decrease	Significant for this service	increase	Significant for this service

Source: CNA analysis of DMDC data.

Table 10. Propensity score matching estimates, Air Force

Waiver Type	Timing of Separation				DQ	Unsuitability		Medical		Adverse Behavior			
	(1) By 6 months	(2) Uncharacterized	(3) By 12 months	(4) By 24 months	(5) Disqualifying	(6) ELPC	(7) Unsat. Perf.	(8) CnD	(9) Disability	(10) Conduct	(11) Drugs	(12) Not Honorable	(13) Rank Reduction
Dependent	0.00	0.01	-0.01	0.02	0.00	0.01	0.00	0.01	0.01	0.01	0.00	0.09	0.04
Conduct	0.01	0.01	0.02	0.03	0.02	0.01	0.01	0.01	0.02	0.02	0.01	0.05	0.02
	-0.02	-0.01	-0.01	-0.01	-0.01	0.00	0.00	-0.01	0.00	0.04	0.03	0.09	0.05
Drug	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.02	0.01
Medical	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	-0.01	0.00	-0.01	-0.01
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00
Observations													
Dependent	347	347	330	290	290	290	290	290	290	290	290	81	240
(comparison)	51,827	51,827	47,408	39,702	39,702	39,702	39,702	39,702	39,702	39,702	39,702	5,964	31,703
Conduct	2,733	2,733	2,606	2,446	2,446	2,446	2,446	2,446	2,446	2,446	2,446	909	2,139
(comparison)	50,865	50,865	45,486	39,237	39,237	39,237	39,237	39,237	39,237	39,237	39,237	6,289	30,506
Drug (comparison)													
Medical	20,368	20,368	19,017	16,892	16,892	16,892	16,892	16,892	16,892	16,892	16,892	5,448	14,361

Waiver Type	Timing of Separation				DQ	Unsuitability		Medical		Adverse Behavior			
	(1) By 6 months	(2) Uncharacterized	(3) By 12 months	(4) By 24 months	(5) Disqualifying	(6) ELPC	(7) Unsat. Perf.	(8) CnD	(9) Disability	(10) Conduct	(11) Drugs	(12) Not Honorable	(13) Rank Reduction
(comparison)	163,771	163,771	148,608	129,743	129,743	129,743	129,743	129,743	129,743	129,743	129,743	25,655	99,649
Mean(Y)	0.0793	0.0765	0.107	0.156	0.0494	0.0165	0.0111	0.0383	0.0402	0.0659	0.0261	0.188	0.0882
Dependent Conduct	-21%	-17%						-37%		61%	107%	47%	60%
Drug													
Medical					9%	-21%			18%	-10%	-11%		-6%

Color Key

decrease	Significant for all services	increase	Significant for all services
decrease	Significant for 3 services	increase	Significant for 3 services
decrease	Significant for this service	increase	Significant for this service

Source: CNA analysis of DMDC data.



Table 11. Propensity score matching estimates, Marine Corps

Waiver Type	Timing of Separation				DQ	Unsuitability	Medical			Adverse Behavior			
	(1) By 6 months	(2) Unchar-acter-ized	(3) By 12 months	(4) By 24 months	(5) Disqual-ifying	(6) ELPC	(7) Unsat. Perf.	(8) CnD	(9) Dis-ability	(10) Conduct	(11) Drugs	(12) Not Honor-able	(13) Rank Reduc-tion
Dependent	0.03	0.03	0.02	0.01	0.02	0.00	0.00	0.00	0.01	0.02	0.00	0.01	0.02
	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01
Conduct	0.00	0.00	0.00	0.01	0.00	0.00	0.00	-0.01	0.00	0.06	0.04	0.07	0.07
	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01
Drug	0.04	0.03	0.04	0.07	0.05	-0.01	0.01	-0.03	0.00	0.17	0.14	0.22	0.19
	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.02	0.02	0.03	0.03
Medical	0.01	0.01	0.01	0.01	0.00	0.01	0.00	0.01	0.00	-0.01	0.00	0.00	-0.01
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Observations													
Dependent	1,721	1,721	1,645	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	970	1,308
(comparison)	118,574	118,574	110,782	93,525	93,525	93,525	93,525	93,525	93,525	93,525	93,525	39,810	70,169
Conduct	1,904	1,904	1,817	1,625	1,625	1,625	1,625	1,625	1,625	1,625	1,625	971	1,385
(comparison)	61,966	61,966	57,154	45,074	45,074	45,074	45,074	45,074	45,074	45,074	45,074	18,173	36,916
Drug	369	369	366	363	363	363	363	363	363	363	363	294	303
(comparison)	307,388	307,388	292,861	266,550	266,550	266,550	266,550	266,550	266,550	266,550	266,550	159,644	231,326
Medical	20,426	20,426	18,967	16,622	16,622	16,622	16,622	16,622	16,622	16,622	16,622	8,589	14,007

Waiver Type	Timing of Separation				DQ	Unsuitability		Medical		Adverse Behavior			
	(1) By 6 months	(2) Unchar-acter-ized	(3) By 12 months	(4) By 24 months	(5) Disqual-ifying	(6) ELPC	(7) Unsat. Perf.	(8) CnD	(9) Dis-ability	(10) Conduct	(11) Drugs	(12) Not Honor-able	(13) Rank Reduc-tion
(comparison)	199,247	199,247	185,952	158,267	158,267	158,267	158,267	158,267	158,267	158,267	158,267	68,996	127,278
Mean(Y)	0.0813	0.079	0.103	0.147	0.0378	0.0247	0.00482	0.0581	0.0451	0.0644	0.0325	0.149	0.124
Dependent	31%	33%	21%		48%		-84%			26%			20%
Conduct							-88%	-25%		88%	116%	45%	55%
Drug	43%		43%	50%	127%			-56%		269%	434%	144%	156%
Medical	14%	16%	11%	9%		25%		20%		-13%	-15%		-5%

Color Key

<span style="background-color: #008000; color: white; padding: 2px;">decrease</span> Significant for all services	<span style="background-color: #ff0000; color: white; padding: 2px;">increase</span> Significant for all services
<span style="background-color: #90EE90; padding: 2px;">decrease</span> Significant for 3 services	<span style="background-color: #ffff00; padding: 2px;">increase</span> Significant for 3 services
<span style="background-color: #c1e1c1; padding: 2px;">decrease</span> Significant for this service	<span style="background-color: #ffcc99; padding: 2px;">increase</span> Significant for this service
	<span style="border: 1px solid black; padding: 2px;"> </span> Significance differs when including weight waivers

Source: CNA analysis of DMDC data.

## Appendix B: Waiver Risk Model Description

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The analytic process to create the waiver risk model is inherently different from the analysis to estimate the effect of a waiver. In the waiver effect estimation, we focused on obtaining the best possible estimate of a specific regression coefficient. That analysis produced an estimate for the average “effect” of a given waiver on the likelihood of separation for all Servicemembers in a service. The waiver risk model differs from this analysis in two key ways. First, it allows for the effect of a waiver to be different for different types of people. Second, the waiver risk model cares only about creating an equation that produces the best predicted probability of separation. In other words, we care only about the left-hand-side predicted value, not the values of the right-hand-side coefficients,

To accomplish the first goal of the waiver risk tool—allowing the effect of a waiver to vary by recruit characteristics—we rely on a model that interacts each waiver type with every known characteristic of a potential recruit. These characteristics include only those known to the recruiter at the time of contract, but exclude gender, race, and ethnicity. Ultimately, we include the following recruit characteristics in the model: AFQT category, education tier, age, marital status at time of contract, trimester of contract (JJAS, FMAM, or ONDJ), and whether the applicant will access at a rank above E1. Each characteristic is interacted with the following waiver types: dependent, medical, drug, non-traffic conduct, minor conduct, or major conduct. This combination of explanatory variables is then used to predict the probability of separation for each Service/separation reason/time period. With four services, three time periods (12, 24, and 36 months), and six outcomes (separation by that time period, and separation by that time period for any of the following reasons: behavior, disqualification, disability, “condition not a disability,” and unsatisfactory performance), this works out to 72 unique fitted equations.

To accomplish the second goal of the waiver risk tool—producing the best predicted probability of separation—we implement a LASSO model selection process. While we could include all possible interaction terms into the right-hand side of our estimated equation, this runs the risk of overfitting the model on the observed data in a way that will not perform well on out-of-sample data (i.e., future observations). To hedge against overfitting, LASSO minimizes the residual sum of squares of the model based on a constraint on the absolute sum of the regression coefficients. In doing so, LASSO will set some coefficients to 0, thus excluding the associated independent variable from the model. Finally, to ensure that our predicted

values are intuitive, we rely on logit estimation so that our predicted values are bounded between 0 and 1.

To implement LASSO on each of our 72 outcomes, we first must select a penalty parameter for each outcome. We selected the parameter value that minimized the Extended Bayesian Information Criterion. Once that parameter value is isolated for each Service/outcome/time-period, we run a LASSO model selection with that penalty parameter value on a logit estimation, where we force the inclusion of stand-alone waiver variables into the model. Once LASSO model selection identifies the independent variable that should be included in the model, we find estimated equations for each of the 72 outcomes. Those fitted equations are then included in the background of the waiver risk model. The values that the user selects for applicant parameters in the waiver risk tool's interface are used to create predicted values for each outcome, which are reported back to the user in the tool's interface.

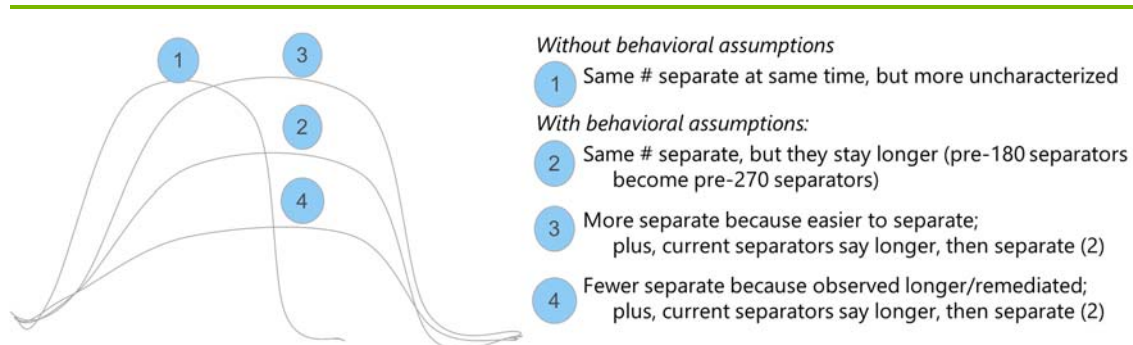
## Appendix C: Behavioral Assumptions Used to Estimate the Size of the ELS Population

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We introduce three additional scenarios that include behavioral assumptions (see Figure 19). If current separation patterns hold, lengthening ELS will only change the type of separation reason and characterization, not the separation rate. However, Air Force representatives noted that they believe that some recruits currently are retained after ELS because of a reluctance to separate them for “bad separations.” Extending ELS would allow them to use no-fault uncharacterized/ELPC separations, leading to concern that lengthening ELS would result in a higher separation rate during the ELS extension window.

Other behavioral assumptions we consider are that lengthening ELS could result in the Services retaining members longer to monitor their suitability; this could result in those pre-day-180 separators being separated by the end of the lengthened ELS window (the same number attrite, but the attrition rate is lower before day 180 and higher during the ELS extension window) or in pre-day-180 separators being remediated and retained (which would lower the attrition rate, overall, before day 180, and in the ELS extension window).

Figure 19. Expected shift in ELPC attrition from extending ELS, with and without behavioral assumptions



Source: CNA.

We use these assumptions to simulate the size of the ELS population under various COAs and scenarios, shown in Table 12 as the attrition behavior of 100 members who access in a given year. In the table footnotes, we show where these numbers come from and assumptions made.

Table 12. Attrition behavior of 100 members who access in a given year if ELS extended

Scenarios	0–180	180–270	270–365	365–730	730+	Total
<b>Rates used below</b>						
# uncharacterized/# attrites	97%	70%	63%	53%	0	
# ELPC/# attrites	28%	41%	39%	37%	0	
# ELPC/# uncharacterized	29%	59%	62%	70%	0	
<b>Actual data</b>						
# attrite <sup>a</sup>	10.2	1.4	1.1	4.7	82.5	100.0
# uncharacterized	9.9	0.0	0.0	0.0	0.0	14.1
# ELPC	2.9	0.0	0.0	0.0	0.0	2.9
<b>Same # attrite, more uncharacterized (scenario 1)</b>						
# attrite	10.2	1.4	1.1	4.7	82.5	100.0
# uncharacterized <sup>b</sup>	9.9	1.1	0.7	2.5	0.0	14.1
# ELPC <sup>c</sup>	2.9	0.6	0.4	1.7	0.0	5.6
<b>Same # attrite, but stay longer (scenario 2)</b>						
# attrite <sup>b</sup>	9.2	2.5	1.1	4.7	82.5	100.0
# uncharacterized <sup>d</sup>	8.9	2.0	0.7	2.5	0.0	14.1
# ELPC <sup>e</sup>	2.6	0.9	0.4	1.7	0.0	5.6
<b>More separate because easier to separate (scenario 3)</b>						
# attrite <sup>f</sup>	10.2	3.0	1.1	4.7	81.0	100.0
# uncharacterized <sup>g</sup>	9.9	2.8	0.7	2.5	0.0	15.9
# ELPC <sup>e</sup>	2.9	1.6	0.4	1.7	0.0	6.7
<b>Fewer separate because observed longer (scenario 4)</b>						
# attrite <sup>h</sup>	9.2	1.0	1.1	4.7	84.0	100
# uncharacterized <sup>b</sup>	8.9	0.7	0.7	2.5	0	12.8
# ELPC <sup>c</sup>	2.6	0.4	0.4	1.7	0.0	5.2

Source: CNA.

<sup>a</sup> Uses # attrites from Figure 14.

<sup>b</sup> Uses # uncharacterized from Figure 15 and # uncharacterized/# attrites from Figure 16.

<sup>c</sup> Uses # ELPC/# attrites from Figure 17.

<sup>d</sup> Assumes a 10 percent reduction in days 0–180, with the remainder an increase in days 180–270.

<sup>e</sup> Uses # ELPC/# uncharacterized from scenario 1.

<sup>f</sup> Assumes double the rate in days 180–270, with the remainder a decrease in days 730+.

<sup>g</sup> Assumes a 33 percent increase in days 180–270.

<sup>h</sup> Assumes a 33 percent reduction in days 180–270.

We use our assumptions to simulate the size of the ELS population under various COAs and scenarios. We find that the estimated size of the ELS population is an increase from 14,000 to 16,000 +/- 2,000 (an increase of 9 to 31 percent) if ELS is extended to day 270, to 17,000 +/-

2,000 (an increase of 15 to 45 percent) if ELS is extended to day 365, and to 22,000 +/- 2,000 (an increase of 40 to 88 percent) if ELS is extended to day 730 (see Table 13).

**Table 13. Simulated increase in the ELS population size if ELS extended, by COA and scenario**

ELS length extended to	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Summary
Day 180	14,000	13,000	13,000	13,000	14,000
Day 270	16,000 (12%)	16,000 (25%)	17,000 (31%)	14,000 (-9%)	16,000 +/- 2,000 (-9 to 31%)
Day 365	17,000 (21%)	17,000 (35%)	19,000 (45%)	15,000 (-15%)	17,000 +/- 2,000 (-15 to 45%)
Day 730	22,000 (51%)	22,000 (67%)	24,000 (88%)	18,000 (-40%)	22,000 +/- 2,000 (-40 to 88%)

Source: CNA.

If we assume that *members who would have attrited by day 180 stay longer, but still attrite before the new ELS threshold (scenario 2)*, attrition will simply shift to the right, but the same number will attrite.<sup>29</sup> This reduces the initial size of DoD's uncharacterized ELS population by 10 percent, but increases it to the same size, as follows:

- By 25 percent per year, from roughly 13,000 to 16,000, if ELS is extended to day 270
- By 35 percent per year, from roughly 13,000 to 17,000, if ELS is extended to day 365
- By 67 percent per year, from roughly 13,000 to 22,000, if ELS is extended to day 730

If we assume that *the Services will separate members in the ELS extension window they otherwise would not have separated (scenario 3)*, the attrition rate will rise in the ELS extension window.<sup>30</sup> Also incorporating *members staying longer (as in scenario 2)*, this increases the size of DoD's uncharacterized ELS population as follows:

- By 31 percent per year, from roughly 13,000 to 17,000, if ELS is extended to day 270
- By 45 percent per year, from roughly 13,000 to 19,000, if ELS is extended to day 365
- By 88 percent per year, from roughly 13,000 to 24,000, if ELS is extended to day 730

Lastly, if we assume that *members who stay longer (as in scenario 2) are more likely to be remediated and retained (scenario 4)*, the attrition rate will fall in the ELS extension window.<sup>31</sup> This reduces the size of DoD's uncharacterized ELS population as follows:

- By 9 percent per year, from roughly 13,000 to 14,000, if ELS is extended to day 270
- By 15 percent per year, from roughly 13,000 to 15,000, if ELS is extended to day 365

<sup>29</sup> We assume that attrition will be lower in days 0–180 (by 10 percent) and higher in days 180–270.

<sup>30</sup> We assume that the attrition rate rises in days 180–270 (doubling from 1.5 to 3.0 percent) and in each window thereafter (by one-third, then one-fifth).

<sup>31</sup> We assume that the attrition rate falls in days 180–270 (by one-third) and in each window thereafter (by 20 percent, then 10 percent).

- By 40 percent per year, from roughly 13,000 to 18,000, if ELS is extended to day 730

The potential negative effects from extending ELS are a possible increase in attrition if members are induced to separate because it is easier to separate, which reduces training ROI (bad for Services), members who would have earned veteran benefits and Honorable separations no longer earning them (bad for members), and additional benefit determinations (bad for the VA). The potential positive effects from extending ELS are numerous.

Given this, we conclude that extending ELS would improve the fit of members, provide lower early attrition for slightly higher later attrition, have a minimal likelihood of negative effects on training ROI (and a potential for positive effects), preclude the accrual of veteran benefits and Honorable separations until members are fully trained (which is a loss of benefits for those in the extended ELS window, but a reduction in benefit outlays), treat those within an ELT pipeline equally, treat members equally based on service length, provide fewer bad separation reasons and bad characterizations during ELT, allow members to enlist “as if for first time” once issues resolve, and delay the Services’ full responsibility for members.



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## Abbreviations

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AFQT	Armed Forces Qualification Test
AP	Accession Policy
BUMED	Bureau of Medicine and Surgery
CnD	Condition, not a Disability
COA	course of action
DAT	Drug and Alcohol Test
DEP	delayed entry program
DES	disability evaluation system
DMDC	Defense Manpower Data Center
DoD	Department of Defense
DoN	Department of the Navy
DQ	disqualifying enlistment
DTM	Directive Type Memorandum
EE	erroneous enlistment
ELPC	Entry-Level Performance and Conduct
ELS	Entry-Level Status
ELT	entry-level training
ETP	exception to policy
FE	fraudulent entry
FPS	failed procurement standards
FTA	failure to adapt
FY	fiscal year
ICD	International Classification of Diseases
M	member
MCRC	Marine Corps Recruiting Command
MCT	Marine Combat Training
MEPS	Military Entrance Processing Station
MOS	military occupational specialty

OEPM	Officer and Enlisted Personnel Management
OLS	Ordinary Least Squares
OSD	Office of the Secretary of Defense
OTH	Other-Than-Honorable
OUSD-P&R	Office of the Under Secretary of Defense for Personnel and Readiness
pp	percentage point
ROI	return on investment
S	Service
SM	Servicemember
SME	subject matter expert
UHC	Under Honorable Conditions (i.e., General characterization)
UP	unsatisfactory performance
USA	US Army
USAF	US Air Force
USMC	US Marine Corps
USN	US Navy
VA	Department of Veterans Affairs
VASRD	VA Schedule for Rating Disabilities

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