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# **Recruiting and Retention: An Overview of FY2013 and FY2014 Results for Active and Reserve Component Enlisted Personnel**

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## Summary

Congress has historically been quite interested in recruiting and retention of personnel in the nation's Armed Forces, since maintaining a fully manned and capable workforce is a key component of military readiness. This report provides a brief overview of the recruiting and retention results for Active and Reserve Component enlisted personnel during FY2013 and FY2014.

### Recruiting and Retention Metrics

Recruiting performance for enlisted personnel is principally measured in terms of meeting *quantity* and *quality* goals. Quantity goals are based on the projected need for new personnel each service must bring in over the course of the year to meet its congressionally authorized end-strength. There are two principal quality goals: at least 90% of new recruits should be high school diploma graduates and at least 60% should score above average on the Armed Forces Qualification Test (AFQT). Quality goals are only for recruits without any previous military service ("non-prior service"). Retention performance for enlisted personnel is principally measured by meeting one or more *quantity* goals. For the Active Components, quantity goals are based on career phase (for example, initial term, mid-career, and career) and are stated in numerical terms. For the Reserve Components, retention is tracked via overall attrition rates, which measure the ratio of people who leave in a given year. Reserve Component retention goals establish a maximum attrition rate or "ceiling" which should not be exceeded. They are stated in percentage terms and are not broken out by career phase.

### Overview of FY2013 and FY2014 Results

In FY2013 and FY2014, all of the Active Components achieved their recruit quantity goals and recruit quality was high. Nearly all new recruits had high school diplomas, and about three-quarters scored above average on the Armed Forces Qualification Test. Recruit quality in the Navy, Marine Corps, and Air Force in these years has been near the highest levels experienced since the beginning of the All-Volunteer Force in 1973; Army recruit quality, as measured by high school diploma graduates, has been quite high as well, although above-average scores on the AFQT are just slightly above the DOD benchmark. Retention has remained strong for most of the services, although the Navy experienced modest shortfalls in both years. Most of the Reserve Components met or exceeded their quantity goals while quality remained high. The Army National Guard was slightly below its quantity goals in both of these years, while the Army Reserve experienced more substantial shortfalls, contributing to a decline in its personnel strength. Recruit quality for the Reserve Components has been fairly strong, although above-average AFQT scores for the Army National Guard and Army Reserve have hovered just slightly above the DOD benchmark of 60%. Several of the Reserve Components exceeded their attrition ceilings, although the margins were modest. The Army Reserve finished FY2014 about 3.3% below its authorized end-strength, indicating a need for stronger recruiting and retention in the future. It is unclear whether the recruiting shortfalls experienced by the Army Reserve are specific to that organization or portend broader recruiting difficulties to come.

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Congress has historically been very interested in the recruiting and retention of personnel in the nation's Armed Forces, as maintaining a fully manned and capable workforce is a key component of military readiness. Congress exercises a powerful influence on recruiting and retention goals through its establishment of personnel strength levels for each of the Active and Reserve Components. It influences the achievement of these goals primarily through setting military compensation levels (which may include recruiting and retention bonuses, educational benefits, and separation incentives), establishing criteria that affect eligibility for enlistment and retention (for example, age, cognitive, behavioral, and citizenship standards), and by authorizing and funding recruiting and retention programs (for example, providing for dedicated recruiters and career counselors, military entrance processing stations, market research, and advertising). Through its oversight powers, Congress also closely monitors the performance of the executive branch in managing the size and quality of the military workforce.

Since 2001, the United States has conducted major military operations that dramatically increased the operations tempo of the military services, required the large-scale mobilization of reservists, and resulted in significant battle casualties. These factors were particularly applicable to the Army, Army Reserve, Army National Guard, Marine Corps, and Marine Corps Reserve, which shouldered the bulk of the manpower burden associated with operations in Iraq and Afghanistan. Many observers expressed concern that these factors would lead to lower recruiting and retention rates and jeopardize the vitality of today's all-volunteer military, particularly in the FY2005-FY2007 timeframe, when the Army had difficulty meeting its recruit quantity goals and began accepting lower-quality recruits. However, starting in 2008 these concerns were alleviated by the more favorable recruiting and retention environment brought about by comparatively high unemployment rates in the civilian economy, the improved security situation in Iraq, and reduced recruiting goals for the Army and Marine Corps as both of those services completed major expansions.

In recent year, cuts in active<sup>1</sup> and reserve force<sup>2</sup> structure have generated less demand for military manpower, thus allowing the services to set lower quantity goals for recruiting and retention. Lower quantity goals also allow the services to be more selective in whom they accept and retain, thereby enhancing quality levels. However, the future recruiting and retention environment is less clear. Reductions in strength may be coming to an end,<sup>3</sup> which would likely require the services to increase their recruiting and retention quantity goals in order to stabilize their forces at planned levels. This could result in the services reducing quality somewhat to meet their quantity goals, or perhaps require the application of greater recruiting resources (e.g., advertising, recruiters, and enlistment bonuses) to maintain quality. A strengthening of economic growth could make civilian work comparatively more attractive than military work, thereby making recruiting and retention

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<sup>1</sup> The authorized end-strength for the Active Components for FY2012 was as follows: Army (562,000), Navy (325,700), Air Force (332,800), and Marine Corps (202,100). The authorized end-strength for the Active Components in FY2015 is lower for each service: Army (490,000), Navy (312,980), Air Force (310,900), and Marine Corps (184,100).

<sup>2</sup> The authorized end-strength for Reserve Component for FY2012 was as follows: Army National Guard (358,200), Army Reserve (205,000), Navy Reserve (66,200), Marine Corps Reserve (39,600), Air National Guard (106,700), Air Force Reserve (71,400), and Coast Guard Reserve (10,000). The authorized end-strength for the Reserve Components for FY2015 was lower for all Reserve Components, although in some cases the reductions were small: Army National Guard (350,200), Army Reserve (202,000), Navy Reserve (57,300), Marine Corps Reserve (39,200), Air National Guard (105,000), Air Force Reserve (67,100), and Coast Guard Reserve (7,000).

<sup>3</sup> The FY2016 Budget Request proposed additional reductions in Army end-strength (to 475,000 for FY2016, and to 450,000 by FY2018), while holding the other three services at roughly the FY2015 level. However, DOD has argued that larger reductions would be required if the spending caps of the Budget Control Act of 2011 are not adjusted.

more challenging. Additionally, the historical experience of the post-Cold War drawdown also raises some cautionary flags for the current post-drawdown situation: if a perception of limited career prospects or lower job satisfaction were to develop, it could have a negative effect on recruiting and retention.

## Recruiting

Recruiting has been called the life blood of the military. Without a robust ability to bring new members into the military, the services would lack sufficient manpower to carry out mission essential tasks in the near term and would lack a sufficient pool of entry-level personnel to develop into the mid-level and upper-level leaders of the future. To protect against this, the Active and Reserve Components set goals for new recruit “accessions”<sup>4</sup> each fiscal year. Officer and enlisted goals are set separately. There are both “quantity”<sup>5</sup> and “quality”<sup>6</sup> goals for the enlisted force.

## Active Components

The recruiting data presented in **Table 1** below show that all of the Active Components met their enlisted accession *quantity* goals in both FY2013 and FY2014. The recruiting data presented in **Table 2** show the performance of the Active Components with respect to the Department of Defense (DOD) enlisted accession *quality* benchmarks for those same years. The two principal DOD quality benchmarks are the percentage of non-prior service enlistees who are high school diploma graduates (HSDG) and the percentage that score above average on the Armed Forces Qualification Test (AFQT Categories I-III).<sup>7</sup> All of the Active Components exceeded their quality goals in FY2013 and FY2014, often by large margins. In fact, over the past few years, the Navy, Marine Corps, and Air Force have experienced the highest recruit quality levels achieved since the beginning of the All-Volunteer Force in 1973. The Army is also experiencing

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<sup>4</sup> In the case of the Active Component, “accessions” are individuals who have actually begun their military service, as distinguished from those who have signed a contract to serve but who have not yet begun their service. Accession for Active Component personnel usually occurs when an individual is “shipped” to basic training. For the Reserve Components, the term has a broader meaning: accession can occur shortly after an individual signs a contract, when he or she is “shipped” to basic training, or when a servicemember transfers from an Active Component to a Reserve Component.

<sup>5</sup> This “quantity” goal is normally based primarily on the difference between the congressionally authorized end strength of the Component for a given fiscal year and the projected number of currently serving personnel that Component will retain through the end of the year. Officer and enlisted accession goals are set separately. To simplify somewhat, if a Component has an authorized end strength of 200,000 enlisted personnel in a given year, and it projects that it will retain 175,000 of its current enlisted members through the year, it will set a goal of bringing in approximately 25,000 new enlisted recruits for that year (actually, the goal will be slightly higher to account for those new recruits who are discharged early, usually while in initial entry training). The actual number of new enlisted recruits a Component needs, however, may change during the year as new projections are made about the retention of currently serving enlisted personnel or if the Component must increase or decrease the total size of its force.

<sup>6</sup> DOD measures enlisted recruit “quality” based on two criteria: graduation from high school and score on the Armed Forces Qualification Test (AFQT). Since FY1993, DOD’s benchmarks for recruit quality stipulate that at least 90% of new recruits must be high school diploma graduates and at least 60% must score above average on the AFQT.

<sup>7</sup> Other metrics that are used less frequently include the percentage of non-prior service enlistees who score well below average on the AFQT (Category IV) and the number and types of enlistment waivers granted to enlistees. However, these measures are secondary to HSDG and above average AFQT and, in the case of waivers, there is no official benchmark.

historically high recruit quality with respect to the HSDG metric, but its performance with respect to the AFQT metric is more consistent with its historical average, hovering just slightly above the DOD benchmark of 60%.<sup>8</sup>

**Table 1. Accession Data (Quantity) for Active Component Enlisted Personnel, FY2013 and FY2014**

Service	FY2013 (Goal)	FY2013 (Achieved)	FY2013 (Percent of Goal)	FY2014 (Goal)	FY2014 (Achieved)	FY2014 (Percent of Goal)
Army	69,000	69,154	100.2%	57,000	57,101	100.2%
Navy	40,112	40,112	100.0%	33,740	33,765	100.1%
Marine Corps	32,200	32,215	100.0%	26,000	26,018	100.1%
Air Force	26,275	26,275	100.0%	24,068	24,070	100.0%

Source: Department of Defense.

**Table 2. Accession Data (Quality) for Non-Prior Service Active Component Enlisted Personnel, FY2013 and FY2014**

Service	DOD Quality Benchmarks		FY2013 (Achieved)		FY2014 (Achieved)	
	HSDG	AFQT CAT I-III A	HSDG	AFQT CAT I-III A	HSDG	AFQT CAT I-III A
Army	90%	60%	99.9%	62.2%	94.8%	61.7%
Navy	90%	60%	98.9%	84.3%	99.4%	88.6%
Marine Corps	90%	60%	99.7%	73.5%	99.9%	72.1%
Air Force	90%	60%	99.5%	97.7%	99.5%	94.9%

Source: Department of Defense.

Notes: HSDG = High School Diploma Graduate; AFQT = Armed Forces Qualification Test; CAT I-III A = Categories I-III A (above average scores).

## Historical Context

In the three years immediately following the terrorist attacks of 2001—which saw a dramatic increase in the use of U.S. military forces—all of the services achieved their quantity goals while increasing their quality levels. In fact, recruit quality for all the services in the FY2003-FY2004 time frame reached levels not seen since the low accession goals of the post-Cold War drawdown (early to mid-1990s) allowed the services to be highly selective in who they allowed to join. This was followed by the very challenging recruiting environment of FY2005-FY2007, when a variety of factors forced some of the services to accept a lower level of recruit quality in order to meet

<sup>8</sup> For historical data on recruit quality, see this table entitled “Recruit Quality Over Time” from the Office of the Under Secretary of Defense (Personnel & Readiness), <http://prhome.defense.gov/RFM/MPP/ACCESSION%20POLICY/docs/Quality%20by%20FY%20from%201973.pdf>.

their quantity goals. This decline in quality was most notable with respect to the Army. As the Army's recruiting difficulties were the primary source of concern during that time, a specific discussion of its recruiting challenges and performance is provided below, followed by a brief summary of the other services' results.

## *Army*

In FY2004, the Army slightly exceeded its quantity goal of 77,000. Of these individuals, 92% had high school diplomas (above the DOD benchmark of 90%) and 72% scored above average on the Armed Forces Qualification Test or AFQT (well above the DOD benchmark of 60%). Only 0.5% of Army recruits had AFQT scores in Category IV (the 10<sup>th</sup> through 30<sup>th</sup> percentile). The HSDG figure was about the same as the Army had experienced for the preceding seven years, while the AFQT figure was about the same as that of the preceding year, but higher than the Army had experienced in the 10 years prior to that (FY1993-FY2002). However, for a number of reasons—including the challenge of recruiting during wartime, competition from civilian employers during an economic boom, and an effort to expand the size of the Army that necessitated bringing in more recruits—the Army struggled to meet its recruiting goals from FY2005 to FY2007. In FY2005, it failed to meet its quantity goal by 8% and the quality of its recruits fell. While achieving its quantity goals in FY2006 and FY2007, Army recruit quality continued to slide. By the end of FY2007, the Army reported that only 79% of its recruits were high school diploma graduates and 61% had scored above average on the AFQT, levels not seen since the 1980s. Additionally, the proportion of Category IV recruits rose from less than 1% in FY2003-FY2004 to about 4% in FY2005-FY2007.<sup>9</sup> This decline in recruit quality occurred at a time when the Army applied extraordinary resources to its recruiting efforts: it added over 2,500 recruiters to the existing recruiting force, increased its advertising budget, raised the maximum age for enlistees from 35 to 42,<sup>10</sup> relaxed some existing standards (such as the prohibition on tattoos on the neck and hands), increased enlistment bonus maximums from \$20,000 to \$40,000,<sup>11</sup> and increased the number of medical and conduct<sup>12</sup> waivers being granted.<sup>13</sup>

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<sup>9</sup> DOD regulations require that no more than 4% of an annual enlistment cohort may be Category IV (10<sup>th</sup>-30<sup>th</sup> percentile on the AFQT). In addition, no one in Category V (1<sup>st</sup>-9<sup>th</sup> percentile on the AFQT) may be admitted. DOD Instruction 1145.01, *Qualitative Distribution of Military Manpower*, September 20, 2005, paragraph 4.1, <http://www.dtic.mil/whs/directives/corres/pdf/114501p.pdf>.

<sup>10</sup> P.L. 109-163, §543, increased the maximum allowable age for enlistment from 35 to 42.

<sup>11</sup> P.L. 109-163, §635.

<sup>12</sup> Conduct waivers are used for a wide range of pre-enlistment misconduct. Until 2008, conduct waivers included drug use, traffic violations, misdemeanors, and felonies, although each of the services had different rules for categorizing specific types of misconduct and different criteria for granting conduct waivers. DOD established an enlistment waiver policy effective at the start of FY2009 that revised the waiver categories, standardized the definitions of the various types of misconduct across the services, made drug use its own waiver category, and set minimum standards for requiring drug and conduct waivers. See Directive Type Memorandum (DTM) 08-018 – Enlistment Waivers, June 27, 2008, available at <http://www.dtic.mil/whs/directives/corres/pdf/DTM-08-018.pdf>.

<sup>13</sup> The following are the number and the percentage of Army non-prior service accessions enlisted accessions with a waiver of any type in the cited fiscal year: FY2003 (8,836/12.7%); FY2004 (8,918/12.3%); FY2005 (10,185/ 15.7%); FY2006 (13,518/19.5%); FY2007 (14,820/22.0%); FY2008 (14,929/21.5%). The percentage of non-prior service enlisted accessions with waivers was relatively stable for the other three services during this period. The Army waiver figures for subsequent years are as follows: FY2009 (9,938/15.6%); FY2010 (6,080/8.7%); FY2011 (6,653/10.7%), FY2012 (6,014/10.1%), FY2013 (8,009/11.8%), FY2014 (6,739/12.0%). However, these figures are not directly comparable to those of previous years due to a change in the methodology for counting waivers (see discussion in footnote 12)

The Army began to reverse this quality decline in FY2008 when it met its accession quantity goal while also increasing the proportion of recruits who were high school diploma graduates to 83% and slightly increasing the proportion who scored above average on the AFQT to 62%. Additionally, the Army allowed fewer Category IV recruits (3.5%) and was able to reduce the number of individuals who were enlisted with waivers for conduct by about 10%.<sup>14</sup>

Improvements in Army recruit quality accelerated markedly in FY2009 and FY2010. Aided by a more favorable recruiting environment—generated by comparatively high unemployment rates and an improved security situation in Iraq—and needing fewer recruits due to the completion of the major force expansion which occurred during FY2004-FY2008, the Army was able to be more selective. As a result, the Army was able to exceed its quantity goal in FY2009 by 8% while recruit quality shot up dramatically: 95% of new accessions were high school diploma graduates, 66% scored above average on the AFQT, and just 1.5% were Category IV. For FY2010, 100% of the Army's recruits were high school diploma graduates, 64% scored above average on the AFQT, and less than 1% were Category IV. Army recruit quality in FY2011-FY2013 was nearly the same as FY2010. Army recruit quality dropped from FY2013 to FY2014: the percentage of recruits with high school diplomas dropped from nearly 100% to a still robust 95%, while the percentage of recruits scoring above-average on the AFQT edged down from 62.2% to 61.7%.

### *Marine Corps*

While the Marine Corps experienced some of the same recruiting pressures as the Army in the FY2005-FY2007 timeframe—heavy involvement in Iraq and Afghanistan coupled with a major force expansion that required a greater number of new recruits—the impact on quantity and quality was not as great. In FY2004, 97% of Marine Corps recruits were high school diploma graduates and 69% scored above average on the AFQT. These figures dropped slightly to 95% and 65%, respectively, by FY2007 but were still well above the DOD benchmarks and not substantially different from the quality levels achieved by the Marine Corps since the mid-1990s. The Marine Corps did, however, increase the proportion of Category IV recruits to 3% in FY2007, the highest level it had accepted since 1985, and it did accept more individuals with records of serious misconduct (although its overall ratio of waived individuals remained relatively stable). Marine Corps recruiting in FY2008 showed some small improvements in quality, while FY2009 saw much larger improvements. In FY2009, 99% of Marine Corps recruits were high school diploma graduates and 71% of them scored above average on the AFQT. In FY2010, 100% were high school diploma graduates, 72% scored above average on the AFQT, and less than 1% were Category IV. Marine Corps recruit quality in FY2011-FY2014 was nearly the same as FY2010.

### *Navy and Air Force*

The Navy and the Air Force were the least affected by the recruiting stresses of the FY2005-FY2007 time frame. While deeply involved in the ongoing operations in Iraq and Afghanistan,

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<sup>14</sup> While the FY2008 conduct waiver figures were still above the levels for FY2006 – and well above the levels for FY2003-FY2005 – the downward movement from FY2007 was noteworthy. Of particular significance, in FY2008 the Army reduced the number of waivers for felony convictions from 511 to 372. With the change in methodology brought about by Directive Type Memorandum (DTM) 08-018 (see footnote 12), directly comparable conduct waiver data for subsequent years is not available. Under the new methodology, the Army reported 220 waivers for “Major Misconduct (Conviction)” in FY2009, just 7 in FY2010, and none in FY2011- 2014.



their role in these conflicts resulted in far fewer casualties than experienced by the Army and Marine Corps. Additionally, both of these services were undergoing force reductions, in contrast to the force expansions of the Army and Marine Corps. As such, they experienced less pressure to trade off quality to achieve quantity goals, enabling both services to meet their quantity goals while suffering little change in their quality metrics.

The Navy's HSDG rate declined from 96% in FY2004 to 93% in FY2007, but its above-average AFQT rate improved from 70% to 73%. The Air Force's HSDG metric remained at 99% between FY2004 and FY2007, while its AFQT metric dropped from 82% to 79%. Neither service allowed in any Category IV personnel during this period.

The Navy and the Air Force both met their accession quantity goals during FY2008-FY2014 and both experienced improvements in recruit quality. The Navy's HSDG rate rose from 93% in FY2007 to 99% in FY2011-FY2014, while its above-average AFQT rate rose from 73% in FY2007 to 89% in FY2011 and 90% in FY2012, tapered off to 84% in FY2013, and then rose to nearly 89% in FY2014. The Air Force's HSDG rate remained between 98% and 100% in FY2008-FY2014, while its above-average AFQT rate rose from 79% in FY2007 to 99% in FY2011 and 98% in FY2012-FY2013. This metric declined to about 95% in FY2014, although this is still exceptionally high from a historical perspective.<sup>15</sup>

## Reserve Components

The recruiting data presented in **Table 3** show the performance of the Reserve Components in meeting their enlisted accession *quantity* goals in FY2013 and FY2014. The recruiting data presented in **Table 4** show the performance of the Reserve Components with respect to the enlisted accession *quality* benchmarks for those same years.<sup>16</sup>

All of the Reserve Components met their quality goals in FY2013 and FY2014. Most of the Reserve Components also met their quantity goals in these years, the exceptions being the Army National Guard and the Army Reserve. The Army National Guard shortfalls were fairly small and do not appear to be significant in light the Army Guard's ability to maintain a personnel strength quite close to its authorized level, and the recent reduction of authorized strength.<sup>17</sup> The Army Reserve fell short of its quantity goal by about 800 in FY2012, 3,700 in FY2013, and 2,500 in FY2014. These shortfalls were greater concern as they coincided with a decline of Army Reserve strength from 204,803 at the end of FY2011 to 195,438 at the end of FY2014.<sup>18</sup> The Army Reserve has taken steps to reverse this trend, and early data from 2015 indicate that its strength is

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<sup>15</sup> The Air Force's above-average AFQT rates of 99% in FY2011, 98% in FY2012-2013, and 95% in FY2014 are unusually high, even given the exceptionally strong recruiting environment. These four years represents the highest above-average AFQT accession cohorts of any service since the inception of the All-Volunteer Force in 1973. Previously, the highest scoring accession cohort was the Air Force in FY2010, with 90% above-average on the AFQT. Prior to that, the highest scores were achieved by the Air Force's post-Cold War drawdown cohorts of FY1991 and FY1992, in which 86% of new Air Force accessions scored above-average on the AFQT.

<sup>16</sup> See the section entitled "Active Components" earlier in this report for a description of the DOD quality benchmarks.

<sup>17</sup> The FY2014 National Defense Authorization Act (P.L. 113-66) lowered the Army National Guard's authorized end-strength from 358,200 to 354,200. Its actual strength at the end of FY2014 was 354,072. The FY2015 National Defense Authorization Act (P.L. 113-291) lowered the Army National Guard's authorized end-strength from 354,200 to 350,200. See footnote 23 for additional National Guard strength data.

<sup>18</sup> See footnote 24.

now on the upswing,<sup>19</sup> but it may take some time to restore its authorized strength.<sup>20</sup> It is unclear whether the recruiting shortfalls experienced by the Army Reserve are specific to that organization or portend broader recruiting issues, as occurred in the first half of the last decade when the Army Reserve and Army National Guard experienced recruiting problems two years before the active Army.

**Table 3. Accession Data (Quantity) for Reserve Component Enlisted Personnel, FY2013 and FY2014**

Reserve Component	FY2013 (Goal)	FY2013 (Achieved)	FY2013 (Percent of Goal)	FY2014 (Goal)	FY2014 (Achieved)	FY2014 (Percent of Goal)
Army National Guard	49,650	49,299	99.3%	47,900	47,062	98.3%
Army Reserve	29,880	26,191	87.7%	29,313	26,815	91.5%
Navy Reserve	5,504	5,584	101.5%	3,853	3,987	103.5%
Marine Corps Reserve	8,798	8,798	100.0%	8,333	8,333	100.0%
Air National Guard	10,500	10,737	102.3%	9,154	10,011	109.4%
Air Force Reserve	5,817	7,846	134.9%	4,875	6,952	142.6%

Source: Department of Defense.

**Table 4. Accession Data (Quality) for Non-Prior Service Reserve Component Enlisted Personnel, FY2013 and FY2014**

Reserve Component	DOD Quality Benchmarks		FY2013 (Achieved)		FY2014 (Achieved)	
	HSDG	AFQT CAT I-III A	HSDG	AFQT CAT I-III A	HSDG	AFQT CAT I-III A
Army National Guard	90%	60%	95.7%	62.8%	94.9%	61.2%
Army Reserve	90%	60%	95.6%	60.7%	94.9%	60.8%
Navy Reserve	90%	60%	97.7%	87.7%	97.8%	88.2%
Marine Corps Reserve	90%	60%	99.7%	76.2%	99.8%	76.9%
Air National Guard	90%	60%	100%	77.1%	100.0%	76.2%
Air Force Reserve	90%	60%	99.4%	79.6%	99.5%	79.6%

Source: Department of Defense.

<sup>19</sup> The Army Reserve’s strength was 198,106 as of April 2015.

<sup>20</sup> The Army Reserve’s authorized end-strength for FY2015 is 202,000, a decrease from its FY2014 authorized end-strength of 205,000.

## Historical Context

The recruiting trends for the Reserve Components were similar to those of their Active Component counterparts, although the indicators of recruiting difficulties appeared earlier (FY2003) than for the Active Components and began rebounding earlier as well (FY2006). The Reserve Components of the Army—the Army Reserve and the Army National Guard—experienced the most significant recruiting problems particularly in meeting their quantity goals from FY2003 to FY2005. The Marine Corps Reserves met their quantity goals in those years while seeing a slight decline in one of the quality metrics. The Air Force Reserves and Air National Guard briefly experienced some recruiting difficulties as well. Reserve Component recruiting has been generally strong in FY2009-FY2014, although the Army Reserve has experienced difficulties in meeting its quantity goals in the past several years, and both the Army National Guard and the Army Reserve are just above the DOD benchmark with regards to above-average AFQT.

### *Army National Guard and Army Reserve*

Recruiting difficulties for the Army National Guard began in FY2003, when it fell short of its recruit quantity goal of 62,000 by 13%; it also missed its FY2004 recruit quantity goal of 56,000 by 13%. In FY2005, both the Army National Guard and the Army Reserve missed their quantity goals by 20% and 16%, respectively. Largely as a result of these shortfalls, both the Army National Guard and the Army Reserve were well below their congressionally authorized end-strength at the end of FY2005.<sup>21</sup> There were also declines in recruit quality during this period. The Army National Guard's HSDG rate declined from 86% in FY2002 to 83% in FY2005, while its above-average AFQT metric dropped from 60% to 57%. During this same period, the HSDG rate for the Army Reserve dropped from 94% to 88% and its above-average AFQT rate declined from 69% to 67%.

Recruiting results for the Army National Guard began improving in FY2006. From FY2006 to FY2009, the Army National Guard met, or came close to meeting, robust recruit quantity goals. This allowed it to slightly exceed its authorized end-strength by FY2007, and to significantly exceed<sup>22</sup> its authorized end-strength in FY2008 and FY2009. For FY2010 and FY2011, retention was strong enough in the Army Guard that it cut back on its recruiting in the last few months of the year in order to keep from exceeding its authorized end-strength by too great a margin, and the recruiting goal for FY2012 was markedly lower than the preceding two years for the same reason.<sup>23</sup> Recruit quality also improved during this time frame, with the HSDG metric rising from

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<sup>21</sup> The term “end-strength” refers to the authorized strength of a specified branch of the military at the end of a given fiscal year. (The term authorized strength means “the largest number of members authorized to be in an armed force, a component, a branch, a grade, or any other category of the armed forces”). As of September 2005, the actual personnel strength of the Army National Guard was 333,177—about 95% of its authorized end-strength of 350,000. The actual strength of the Army Reserve was 189,005 in September, 2005—about 92% of its authorized end-strength of 205,000. While end-strengths for the Reserve Components are maximum strength levels, not minimum strength levels, the inability to maintain a force at the authorized end-strength level can be an indicator of strength management problems.

<sup>22</sup> 10 U.S.C. 115 (f) allows the Secretary of Defense to vary the authorized end-strength of the Selected Reserve of any of the reserve components “by a number equal to not more than 3 percent of that end strength.” 10 U.S.C. 115(g) allows the Service Secretary to increase the authorized end-strength of the Selected Reserve of a Reserve Component under his or her jurisdiction “by a number equal to not more than 2 percent of such authorized end strength.”

<sup>23</sup> The end-strength figures for the Army National Guard are as follows: FY2006 (350,000 authorized, 346,288 actual); FY2007 (350,000 authorized, 352,707 actual); FY2008 (351,300 authorized, 360,351 actual); FY2009 (352,600 authorized, 358,391 actual), FY2010 (358,200 authorized, 362,015 actual), FY2011 (358,200 authorized, 361,561 (continued...))

83% in FY2005 to 92%-96% in FY2010-FY2013. Its proportion of recruits with above average AFQT scores remained just under the DOD benchmark of 60% in FY2006-FY2008, but jumped dramatically to 76% in FY2009 and gradually dropped to 61% by FY2014.

The Army Reserve also improved its recruiting from the perspective of quantity from FY2006 to FY2011, meeting or nearly meeting all of its quantity goals in these years. This allowed the Army Reserve to stabilize its strength at around 190,000 personnel in FY2006 and FY2007 (about 7% below its authorized end-strength), and to begin increasing its personnel strength in FY2008. In FY2009, the Army Reserve was finally able to meet its authorized end-strength after four years of operating under-strength, and it maintained this during FY2010-FY2011. However, in FY2012-FY2014, the Army Reserve again experienced strength declines, which averaged about 3,000 soldiers per year.<sup>24</sup> The quality of Army Reserve recruits declined from FY2006 to FY2008, with the HSDG metric remaining close to the FY2005 level of 88% and the percentage of recruits scoring above-average on the AFQT declining from 67% in FY2005 to 58% in FY2008. Recruit quality improved dramatically in the next few years. The percentage of recruits with a high school diploma shot up to 96%-100% in FY2009-FY2014. The percentage scoring above average on the AFQT increased to 63% in FY2009 and continued upward to 71% in FY2010, before dropping to 69% in FY2011, 64% in FY2012, and 61% in FY2013-FY2014. The AFQT figure for FY2013 and FY2014 is just slightly above the DOD benchmark of 60%, which raises some concerns, particularly when coupled with the Army Reserve's shortfalls in recruit quantity (although, the Army Reserve has shown improvement in this area during the first half of FY2015). The causes of the Army Reserve's recruiting shortfalls are not entirely clear and may be specific to that organization.<sup>25</sup> However, it is also possible that they are an early symptom of recruiting challenges that may affect other Reserve and Active Component forces.

### *Other Reserve Components*

The remaining Reserve Components appear to have been much less affected by the recruiting stresses of the FY2003-FY2005 period; they likewise saw less of a rebound afterwards. The Marine Corps Reserve and Air Force Reserve met their quantity goals in every year from FY2003 to FY2014. The Air National Guard missed its quantity goals by an average of about 7% from FY2004 to FY2007, but nonetheless maintained a fairly stable strength level consistent with its authorized end-strength. The Navy Reserve missed its quantity goals in FY2005 and FY2006, but

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(...continued)

actual); FY2012 (358,200 authorized, 358,078 actual); FY2013 (358,200 authorized, 357,735 actual); FY2014 (354,200 authorized, 354,072 actual).

<sup>24</sup> The end-strength figures for the Army Reserve are as follows: FY2006 (205,000 authorized, 189,975 actual); FY2007 (200,000 authorized, 189,882 actual); FY2008 (205,000 authorized, 197,024 actual); FY2009 (205,000 authorized, 205,297 actual); FY2010 (205,000 authorized, actual strength 205,281); FY2011 (205,000 authorized, 204,803 actual); FY2012 (205,000 authorized, 201,166 actual); FY 2013 (205,000 authorized, 198,209 actual); FY2014 (205,000 authorized, 195,438 actual). The FY2015 National Defense Authorization Act (P.L. 113-291) lowered the Army Reserve's authorized end-strength to 202,000.

<sup>25</sup> Analysts with the Army Reserve have noted a number of factors that contributed to these shortfalls. Several factors were specific to the organization: for example, an attempt to decrease recruitment of non-prior-service individuals and increase recruitment of soldiers leaving the Active Component Army, which was not fully successful, and enactment of an internal policy that limited the ability of recruiters to "overman" units (subsequently changed). However, other factors related to the recruiting environment more broadly, including an improving economy and a limited pool of youth who could meet military entrance standards. Author's discussions with USAR manpower analysts, July 2014.

the significance of this shortfall should be assessed in light of the reductions in the size of the Navy Reserve related to restructuring initiatives.<sup>26</sup>

Recruit quality in the Reserve Components overall has exhibited a positive trend in recent years, though this trend may be fading somewhat. In FY2003, two Reserve Components failed to meet one or both of its quality goals. That dropped to one Reserve Component in FY2004, rose to three in FY2005 and FY2006, and dropped back to two in FY2007 and FY2008. For FY2009-FY2014, every Reserve Component met both of its quality goals, in many cases by substantial margins. However, for FY2013 and FY2014, the AFQT metric for the Army's Reserve Components (the Army National Guard and the Army Reserve) was only slightly higher than the goal of 60%.<sup>27</sup>

## **Analysis**

Concerns about the health of military recruiting efforts were substantial in the FY2005-FY2007 timeframe, but these concerns have been mitigated by the more favorable results experienced in subsequent years. Taken as a whole, FY2009-FY2014 have been strong recruiting years, most clearly with regards to recruit quality.

There are a number of likely causes for this recruiting success. One factor that has a powerful impact on military recruiting is the state of the economy. Military recruiting is generally easier in times of high unemployment and more difficult in times of low unemployment. Historical data indicate that the unemployment rate dropped from 2003 through 2007 (falling from 6.0% in 2003 to 4.6% for 2006 and 2007) and then climbed to 5.8% in 2008, 9.3% in 2009, and 9.6% in 2010. While the unemployment rate subsequently dropped to 8.9% for 2011, 8.1% for 2012, and 7.4% in 2013, it was likely still high enough to benefit military recruiting efforts.<sup>28</sup>

Another factor contributing to strong recruiting was likely the cumulative effect of the substantial increases in military compensation that have occurred over the past decade or so. In most years between FY2001 and FY2010, Congress increased basic pay by an amount that was at least 0.5% higher than the annual increase in the employment cost index (a common measure of increases in wages for private-sector employees). Congress initiated a multi-year reform of housing allowances between FY1998 and FY2005 to raise housing allowance rates in order to bring them line with actual housing costs. Congress also increased the amount of hostile fire pay and family separation allowance in 2002, authorized premium-based TRICARE coverage for non-activated

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<sup>26</sup> The authorized end-strength for the Navy Reserve has declined by nearly 26,000 from 2003 through 2013, dropping from 88,156 at the end of FY2003 to 62,444 at the end of FY2013, with the largest declines occurring in FY2004-2006. According to testimony by Navy leaders before Congress, this was largely the result of force realignments related to greater integration of the Navy and the Navy Reserve. However, this testimony also indicated that the Navy Reserve had recruiting difficulties in some of these years related to a lower flow of recruits from the Navy due to high retention among active duty sailors, competition from the Army and Marine Corps, and low civilian unemployment. See testimony of Vice Admiral John G. Cotton, Chief of Navy Reserve, before the Senate Armed Services Personnel Subcommittee on March 31, 2004; April 13, 2005; and March 30, 2006. See also testimony of Vice Admiral Dirk J. Debbink, Chief of Navy Reserve, before the Senate Armed Services Personnel Subcommittee on March 3, 2009.

<sup>27</sup> The components failing to meet one or both quality metrics were as follows: the Army National Guard and the Navy Reserve in FY2003; the Army National Guard in FY2004; the Army National Guard, the Army Reserve, and the Air Force Reserve in FY2005; the Army National Guard, the Army Reserve, and the Navy Reserve in FY2006; the Army National Guard and the Army Reserve in FY2007 and FY2008.

<sup>28</sup> Department of Labor, Bureau of Labor Statistics, available at <http://www.bls.gov/>.

reservists in 2006, and enacted a generous new educational benefit in 2008. Cumulatively, these changes have made the military compensation package much more attractive.

A third important factor was likely the improved security situation in Iraq, which resulted in a rapid decline in casualties. From 2004 to 2007, roughly 700 servicemembers were killed in action each year while serving in Iraq, with about 70% of them serving in the Army and its Reserve Components. However, as security improved in Iraq, the number of those killed in action in Iraq dropped to 218 in 2008, and to 34 in 2011 when the U.S. combat mission in Iraq formally ended.<sup>29</sup> While casualties in Afghanistan rose significantly between 2008 and 2010, the increase was substantially less than the decline in casualties in Iraq. Combat deaths in Afghanistan declined after 2010, with 38 in 2014.<sup>30</sup>

One more factor that positively affected recruiting in FY2009 and subsequent years was the completion of the major multi-year efforts by the Army and the Marine Corps to increase their personnel strength, followed by very substantial strength reduction for those two services. The growth initiatives carried out between FY2005-FY2008 required those services to set higher goals for the number of new accessions. With the successful completion of its “Grow the Army” initiative, the Army was able to lower its accession goal from 80,000 per year in FY2005-FY2008 to an average of about 68,000 per year in FY2009-FY2011. Likewise, the Marine Corps was able to reduce its accession goal from 37,967 in FY2008 to an average of about 30,000 per year in FY2009-FY2011. Then, in FY2013-FY2015, Congress approved substantial reductions in end-strength for the Army and the Marine Corps, which continued to limit the need for new enlisted accessions.

However, some of the factors that helped to generate a strong recruiting environment in FY2009 and subsequent years have been fading in significance. Most notably, the civilian unemployment rate is much improved from the 9.3% rate in FY2009. At present, the unemployment rate (5.5% in May 2015) is at a level where it could have a detrimental effect on recruiting; that is, competition with civilian employers might undercut military recruiting efforts. Additionally, in contrast to the increases of the previous decade, Congress and the Administration have sought to rein in military compensation raises in recent years, most notably by holding the 2014 and 2015 increases in basic pay below the rate of increases in civilian compensation and by slightly reducing housing allowance rates in 2015. Further changes in the military compensation package are being contemplated as well, most notably the restructuring of the military retirement system proposed in the House and Senate versions of the FY16 National Defense Authorization Act. Finally, looking to the experience of the post-Cold War drawdown, the substantial reductions Army and Marine Corps force structure, and in defense spending overall, could have a negative effect on how potential recruits view the prospects of a military career.

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<sup>29</sup> DOD casualty data for Iraq available [https://www.dmdc.osd.mil/dcas/pages/report\\_oif\\_month.xhtml](https://www.dmdc.osd.mil/dcas/pages/report_oif_month.xhtml) (for Operation Iraqi Freedom) and [https://www.dmdc.osd.mil/dcas/pages/report\\_ond\\_month.xhtml](https://www.dmdc.osd.mil/dcas/pages/report_ond_month.xhtml) (for Operation New Dawn). The U.S. combat mission in Iraq ended in December 2011, although a small residual force remained to provide embassy security and security cooperation. Subsequently, starting in 2013, additional military personnel were assigned to Iraq as observers and trainers in response to the military success of the Islamic State of Iraq and Syria (ISIS).

<sup>30</sup> From 2005 to 2007, about 70 servicemembers on average were killed in action each year while serving in Afghanistan; that figure rose to 131 in 2008, 271 in 2009, and 437 for 2010, before declining to 360 in 2011, 237 in 2012, 91 in 2013, and 38 in 2014. DOD casualty data for Afghanistan (Operation Enduring Freedom) available at [https://www.dmdc.osd.mil/dcas/pages/report\\_odef\\_month.xhtml](https://www.dmdc.osd.mil/dcas/pages/report_odef_month.xhtml).

## Retention

The term retention refers to the rate at which military personnel voluntarily choose to stay in the military after their original obligated term of service has ended.<sup>31</sup> Imbalances in the retention rate can cause problems within the military personnel system. A common retention concern is that too few people will stay in, thereby creating a shortage of experienced leaders, decreasing military efficiency, and lowering job satisfaction. This was a particular concern during the middle part of the last decade, as the stress of combat deployments raised concerns about the willingness of military personnel to continue serving. The opposite concern—more salient today in light of reductions in force structure—is that too many people will stay in, thereby decreasing promotion opportunities and possibly requiring involuntarily separations in order to prevent the organization from becoming “top heavy” with middle and upper level leaders or to comply with end-strength limitations. Each of these outcomes can have a negative impact on recruiting by making the military a less attractive career option.

## Active Components

The data presented in **Table 5** show that the Army exceeded its retention goals for enlisted personnel in FY2013 and FY2014. These results are a continuation of a strong retention trend in the Army over the past decade, which has been particularly remarkable in light of the heavy stress placed on Army personnel during that time by combat operations in Iraq and Afghanistan. The Marine Corps likewise shouldered a heavy share of the manpower burden associated with operations in Iraq and Afghanistan, and it too exhibited strong retention over the past decade.<sup>32</sup> The Marine Corps exceeded its retention goals in FY2013, although it fell short in both categories in FY2014. However, the FY2014 goal did not fully reflect the reduced manning needs brought about by the drawdown of Marine Corps force structure and, therefore, the retention rate was sufficient for the service’s actual needs.<sup>33</sup>

After some difficulties in FY2008,<sup>34</sup> the Air Force met, or nearly met, all of its reenlistment goals in FY2009. It met, or nearly met, two of three reenlistment goals in FY2010. Its results for Zone

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<sup>31</sup> The obligated term of service for enlisted personnel is determined by their initial enlistment contract. The normal service obligation incurred is eight years, which may be served in the Active Component, in the Reserve Component, or some combination of both. For example, an individual may enlist for four years of service in the Active Component, followed by four years of service in the Reserve Component. See 10 U.S.C. 651 and DOD Instruction 1304.25.

<sup>32</sup> It did fall about 13% short of its “first term” goal in FY2008 and about 8% short in FY2007, but this was due to exceptionally high retention goals associated with increasing the size of the Marine Corps rather than poor retention. While the Marine Corps had a “first term” retention goal of 5,892 in FY2006, it was increased to 8,298 in FY2007 and to 9,507 in FY2008. While it did not meet these sharply increased retention goals, it nonetheless achieved a much higher retention *rate* than it did in FY2006. See U.S. Congress, House Committee on Armed Services, Subcommittee on Military Personnel, *Fiscal Year 2010 National Defense Authorization Budget Request on Military Personnel Overview*, 111<sup>th</sup> Cong., 1<sup>st</sup> sess., May 21, 2009, Statement of Lieutenant General Ronald S. Coleman, Deputy Commandant for Manpower & Reserve Affairs, [http://armedservices.house.gov/pdfs/MP052109/Coleman\\_Testimony052109.pdf](http://armedservices.house.gov/pdfs/MP052109/Coleman_Testimony052109.pdf), p. 6.

<sup>33</sup> Author’s conversation with Headquarters, Marine Corps retention specialist. The Marine Corps also used short term extensions to fill manning gaps. (Extensions prolong an existing enlistment contract, typically for about 12 to 18 months, while a new enlistment contract usually lasts two to six years).

<sup>34</sup> The Air Force missed all three of its FY2008 retention goals by large margins, although the magnitude of this shortfall appears to have been distorted by the implementation of new goal-setting and achievement-measuring methodologies. Specifically, the Air Force changed its goal setting methodology from one based on historical (continued...)

A (initial term) reenlistments in FY2010 were substantially below goal, but Air Force analysts pointed out that the Air Force was trying to reduce its force at this time in order to stay under its end-strength limits. To achieve these reductions, several thousand airmen were given incentives to separate from the Air Force. In FY2011, the Air Force exceeded its goals for Zone A and Zone B (mid-career) personnel, but was slightly short of its goal for Zone C (career) personnel, while in FY2012 it exceeded all of its goals. In FY2013, the Air Force fell slightly short of its Zone A and Zone B retention goals, but exceeded all of its retention goals in FY2014.

The Navy exceeded its retention goals in FY2009 by comfortable margins and by even larger margins in FY2010 and FY2011. It changed its methodology for setting retention goals and measuring achievement about midway through FY2012 in order to focus solely on those who were completing their term of obligated service in that fiscal year.<sup>35</sup> The Navy showed strong reenlistment behavior in Zone A and Zone C for FY2012, with reenlistments in Zone B about 5% below goal. In FY2013 and FY2014, the Navy showed weaker retention in its Zone A and Zone B goals, in part due to a substantial increase in planned force structure that required higher retention goals. Navy personnel analysts noted that while these results for FY2013 were significantly below goal, the service had moved closer to achieving its goals in FY2014, and it was able to mitigate the shortfalls with short-term extensions of additional personnel.<sup>36</sup> They also noted that the attrition of those not up for reenlistment<sup>37</sup> had decreased. Taken together, these factors allowed the Navy to maintain an actual strength at the end of FY2014 (326,054) above its authorized end-strength (323,600).

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reenlistment rates to goals based on specific skill and grade needs, and narrowed the criteria for counting whether a reenlistment “counted” towards a goal. This new counting methodology reportedly failed to count thousands of actual reenlistments towards the Air Force’s goals. (Author’s discussion with Air Force enlisted analysis staff). The Air Force tripled its funding for new Selective Reenlistment Bonuses in FY2009 and refined its methodology for counting reenlistments to include some previously omitted.

<sup>35</sup> Under its previous methodology, those who were scheduled to complete their term of obligated service in later years, but who chose to reenlist early, were considered when setting annual goals and calculating goal achievement. One effect of this new methodology was to lower the total numeric goal and the total number reenlisted for FY2012 and subsequent years; as such, the raw numbers from these years are not directly comparable to previous years.

<sup>36</sup> Author’s discussion with Navy personnel analysts June 18, 2015.

<sup>37</sup> Attrition in this context refers to those who are separated from the service before completion of their enlistment; for example, due inability to complete basic training or as a result of injury or hardship.



**Table 5. Retention Data for Active Component Enlisted Personnel, FY2013 and FY2014**

Service/ Retention Category	FY2013 (Goal)	FY2013 (Achieved)	FY2013 (Percent of Goal)	FY2014 (Goal)	FY2014 (Achieved)	FY2014 (Percent of Goal)
<b>Army<sup>a</sup></b>						
Initial Term	19,400	24,954	128.6%	19,700	22,530	114.4%
Mid-Career	20,520	20,872	101.7%	17,600	18,062	102.6%
Career	11,880	12,913	108.7%	10,200	11,390	111.7%
<b>Navy<sup>b</sup></b>						
Zone A	8,991	7,468	83.1%	8,248	7,799	94.6%
Zone B	4,833	4,418	91.4%	4,257	3,965	93.1%
Zone C	2,664	3,083	115.7%	2,500	2,564	102.6%
<b>Air Force<sup>c</sup></b>						
Zone A	16,791	15,980	95.2%	12,771	16,402	128.4%
Zone B	11,482	11,298	98.4%	9,493	10,244	107.9%
Zone C	8,954	8,985	100.4%	6,629	9,269	139.8%
<b>Marine Corps<sup>d</sup></b>						
First Term	5,976	6,057	101.4%	4,793	4,613	96.0%
Subsequent	7,471	7,471	100.0%	8,433	7,762	92.0%

**Source:** Department of Defense.

- a. The Army tracks retention rates in three categories: initial term (serving in first enlistment, regardless of length), mid-career (second or subsequent enlistment with less than 10 years of service), and career (second or subsequent enlistment with 10 or more years of service).
- b. The Navy's most important retention categories are Zone A (up to 6 years of service), Zone B (6 years of service to under 10 years of service), and Zone C (10 years of service to under 14 years of service).
- c. The Air Force's most important retention categories are Zone A (17 months to under 6 years of service), Zone B (6 years of service to under 10 years of service), and Zone C (10 years of service to under 14 years of service).
- d. The Marine Corps tracks retention rates in two categories: first term (serving in first enlistment) and subsequent (second or subsequent enlistment, with less than 18 years of service).

## Reserve Components

The Department of Defense tracks Reserve Component retention via overall attrition rates. Attrition rates measure the percentage of people who leave in a given year, rather than the number of people who stay. Reserve Component retention goals establish a maximum attrition rate or "ceiling" which should not be exceeded. They are stated in percentage terms and are not broken out by career phase. The data show all of the Reserve Components achieved enlisted attrition rates below their ceilings for FY2012 (see **Table 6**). This is consistent with Reserve Component retention results over the past decade: the Reserve Components have typically stayed under their

attrition ceilings, often by substantial margins.<sup>38</sup> For FY2013, the Army National Guard, Army Reserve, and Navy Reserve were above their attrition ceilings, though this was partly due to a lower ceiling rather than just an increase in attrition. In comparison to FY2012, attrition increased slightly for all the Reserve Components except the Army National Guard. Attrition in FY2014 was slightly higher than FY2013 for the Army National Guard, Army Reserve, Navy Reserve, and Air Force Reserve.

**Table 6. Attrition Data for Reserve Component Enlisted Personnel, FY2013 and FY2014**

Reserve Component	FY2013 Attrition Goal (Ceiling)	FY2013 (Achieved)	FY2014 Attrition Goal (Ceiling)	FY2014 (Achieved)
Army National Guard	16.3%	17.5%	19.1%	17.6%
Army Reserve	17.2%	18.1%	16.4%	18.6%
Navy Reserve	18.9%	21.3%	18.9%	22.3%
Marine Corps Reserve	31.5%	26.3%	25.1%	25.1%
Air National Guard	10.1%	10.0%	10.0%	9.8
Air Force Reserve	18.0%	14.7%	18.0%	14.9%

Source: Department of Defense.

## Analysis

Retention has been positively affected by some of the same factors that have led to strong recruiting (see “Recruiting”). Put simply, for a number of years, a relatively weak civilian job market coupled with an attractive military compensation package has provided fewer incentives for members to leave the military. Additionally, the ongoing drawdown of the Army has had a positive effect on its achieving retention goals. Planned reductions in its Active Component force structure have allowed the Army to maintain fairly modest retention goals, thereby making it easier to achieve them.<sup>39</sup> If Congress continues to approve Administration proposals to reduce Army personnel strength through over the next several years, it will continue to require relatively modest retention rates. The Marine Corps also reduced its retention goals modestly between FY2009 and FY2010, and they have stayed approximately at the lower level since then. However, it may need to raise its retention goals in the near future as it appears to be approaching the end of its drawdown.<sup>40</sup>

<sup>38</sup> There were some instances where a Reserve Component slightly exceeded its enlisted attrition ceiling over the past decade (FY2001-2011): the Army National Guard in FY2002 (20.6%), FY2005 (20.2%), and FY2007 (19.7%); the Air Force Reserve in FY2008 (18.7%); and the Air National Guard in FY2003 (12.7%).

<sup>39</sup> For example, there was a substantial drop in retention goals for the Army between FY2010 and FY2011. This was followed by a dramatic increase in goals the following year (FY2012), apparently related to the very large cohort of personnel who had enlisted or reenlisted during the peak years of the Army’s force expansion, thus generating a much larger retention-eligible population. (Author’s discussion with Headquarters, Department of the Army, retention official). The FY2013 retention goals are well below the FY2012 figures for initial term, slightly below the FY2012 figure for mid-career, and slightly higher than the 2012 figure for career personnel. The FY2014 retention goals were roughly comparable to FY2013 for the initial term category, but lower for mid-career and career.

<sup>40</sup> The Army achieved a peak strength of about 571,000 in 2011, while the Marine Corps achieved a peak strength of about 205,000 in 2010. For FY2015, Congress approved end-strengths of 490,000 for the Army and 184,100 for the (continued...)

On the other hand, there are some factors which may pose challenges to robust retention in the future. For example, improvements in the unemployment picture and recent efforts to reduce spending on military compensation may be increasing the attractiveness of civilian employment. Additionally, recent force structure reductions in the Army and Marine Corps may lead servicemembers to conclude that they have limited career prospects in the military and encourage them to look for more promising opportunities in the civilian economy. Finally, with the U.S. combat mission in Iraq completed in 2011, and a drawdown of forces in Afghanistan nearly complete, some servicemembers may become dissatisfied with military life in a garrison environment and therefore be less inclined to continue their military service.<sup>41</sup>

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Marine Corps. The FY2016 Budget Request proposed additional reductions in Army end-strength (to 475,000 for FY2016, and to 450,000 by FY2018), while holding the other three services at roughly the FY2015 level. However, DOD has argued that larger reductions would be required if the spending caps of the Budget Control Act of 2011 were not adjusted.

<sup>41</sup> Although it may seem counterintuitive, the high operational tempo and large-scale reserve mobilizations that occurred since September 11, 2001, may have had a positive impact on retention. A number of studies indicate that deployments can enhance retention, perhaps by providing participants with a sense of accomplishment. See James Hosek and Mark Totten, *Does Perstempo Hurt Reenlistment? The Effect of Long or Hostile Perstempo on Reenlistment*, RAND, 1998; Paul Sticha, Paul Hogan and Maris Diane, *Personnel Tempo: Definition, Measurement, and Effects on Retention, Readiness and Quality of Life*, Army Research Institute, 1999; Peter Francis, *OPTEMPO and Readiness*, Center for Naval Analysis, 1999; and Paul Hogan and Jared Lewis, *Voluntary Enlisted Retention and PERSTEMPO: An Empirical Analysis of Army Administrative Data*, The Lewin Group. However, some of these studies also indicate that after a certain threshold level, this positive effect diminishes or becomes negative. Additionally, these studies focused on retention behavior during the 1990s, when deployments were generally shorter and less hostile than during the last 11 years. A more contemporary report looks at more current data, contrasting the relationship between deployment and retention during the periods 1996-2001 versus 2002-2007. Its findings, in part, are summarized below:

Analysis of the survey data indicates that survey respondents who had a deployment involving hostile duty in the year prior to the survey experienced higher-than-usual work stress and higher-than-usual personal stress. They also reported a lower intention to stay in the military.

However, the lower intention to stay was not borne out by analysis of actual reenlistment. Using hostile deployment in the year before a reenlistment decision as an indicator, the study found that the Air Force and Navy experienced no real effect on first-term reenlistment numbers, and the same was true of the Marine Corps until 2005-2007, when the effect of deployment was positive. Deployment had a positive but decreasing effect on Air Force, Navy, and Marine Corps second-term reenlistments through 2003, when the effect neared zero, but it then rebounded and was positive in 2004-2007.

The Army's trends were different, however. The effect of deployment on Army reenlistment had been positive before 2002 and during the first few years of the operations in Iraq and Afghanistan, but the effect decreased after 2002 and turned negative in 2006. The pattern was similar for second-term reenlistment.... The estimate for 2006 shows that hostile deployment in the previous 12 months reduced reenlistment by eight percentage points—a large decrease....

More than any other Service, the Army increased the number of occupations eligible for a bonus as well as the dollar amount of bonuses, raising the number of reenlisting soldiers who received a bonus from 15 percent in 2003-2004 to nearly 80 percent in 2005-2007; in that same period, the average value of bonuses increased by more than 50 percent.

The Army's extended use of reenlistment bonuses helped to offset the decreasing and (by 2006) negative effect of deployments on reenlistment for both first- and second-term personnel.

James Hosek and Francisco Martorell, *How Have Deployments During the War on Terrorism Affected Reenlistment*, RAND National Defense Research Institute, 2009, p. 1 of Research Brief, [http://www.rand.org/pubs/research\\_briefs/2009/RAND\\_RB9468.pdf](http://www.rand.org/pubs/research_briefs/2009/RAND_RB9468.pdf). Full report available at [http://www.rand.org/pubs/monographs/2009/RAND\\_MG873.pdf](http://www.rand.org/pubs/monographs/2009/RAND_MG873.pdf).

## Historical Perspective: The Post-Cold War Drawdown and Its Impact on Recruiting and Retention

The nation's most recent experience with force structure cuts illustrates some of the potential impacts that such cuts can have on recruiting and retention. In the aftermath of the Cold War, all of the services embarked on major force reduction efforts. Needing fewer people, the services significantly reduced their recruiting and retention goals, which in turn made it easier for them to meet these goals. As a result, the services all reported excellent recruiting and retention results in the early 1990s. However, by the late 1990s, the Army, Navy, and Air Force began to experience some difficulties. In FY1998, the Army and the Navy failed to meet their quantity goals for enlisted recruits, as did the Army and the Air Force in FY1999. Retention shortfalls also surfaced in the Army, Navy, and Air Force.<sup>42</sup> There was a wide array of perceived causes for these recruiting and retention shortfalls, including competition with a robust civilian economy and a perceived "pay gap" between civilian and military compensation, competition with institutions of higher education, and demographic and attitudinal changes among younger Americans. Other cited causes included limited recruiting resources and dissatisfaction with military life, due to the nature of military service and pace of operations (e.g., Bosnia and Kosovo) and a lack of critical supplies and equipment.<sup>43</sup>

In comparison to the Cold War drawdown mentioned above, this current drawdown is smaller in scope for the Army, about the same magnitude of reduction for the Marine Corps, and is focused mainly on these two services rather than all four services; but a similar dynamic could occur.<sup>44</sup> In such a scenario, recruiting and retention would likely remain strong in the near term due to force reductions and sluggish competition from the civilian economy, but challenges would arise once these factors faded. Specifically, recruiting and retention requirements could increase as the drawdown neared completion in order to stabilize the force at its designated personnel strength level. Meeting these requirements might also be made more difficult due to increased competition from a more robust economy, fewer resources allocated to recruiting and retention, or the development of negative attitudes about military career prospects and job satisfaction. If such a

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<sup>42</sup> Specifically, from FY1996-FY1998 the Army missed its retention goals for career personnel by between 2% and 5%. The Air Force did not meet its retention goals for first term personnel in FY1998-FY2000; for second term personnel in FY1997-FY2001; and for career personnel in FY1998-FY2001. The shortfall was most pronounced with respect to second term personnel, where the Air Force fell short of its goal by about six percentage points per year. The Navy did not have specific retention goals during the late 1990s, but the Chief of Naval Operations testified in 2001 that retention rates were not at a "steady state" level.

<sup>43</sup> However, the data used to underpin these various claims were often rather limited. For more information on recruiting and retention in the late 1990s, see CRS Report RL31297, *Recruiting and Retention in the Active Component Military: Are There Problems?*, by (name redacted).

<sup>44</sup> For comparative purposes, the Army went from a strength of about 770,000 in 1989 to a strength of about 480,000 by 1999 (a 38% reduction), with most of the reductions occurring between 1990 and 1994. The Marine Corps dropped from 196,000 to 172,000 in that same period (a 12% reduction), occurring mostly between 1992 and 1994. In more recent years, the Army achieved a peak strength of about 571,000 in 2011, while the Marine Corps achieved a peak strength of about 205,000 in 2010. If approved, the plan contained in the Administration FY2015 budget request would bring the Army to between 420,000 and 450,000 soldiers by 2019 (-26% for the lower figure, -21% for the higher figure) while the Marine Corps would drop to between 175,000 and 182,000 marines (-15% for the lower figure, -11% for the higher figure). However, strength levels are set by Congress and could end up being lower or higher than those proposed by the Administration.

scenario were to occur, its impact on recruiting and retention would likely not be manifest until the latter half of this decade. Another cautionary flag raised by the post-Cold War drawdown relates to managing force structure to hedge against future contingencies. To paraphrase the comments of a former Chief of Staff of the Army, you can reduce force structure quickly, but it takes time to re-grow quality soldiers and leaders.<sup>45</sup>

## Options for Congress

Congress exercises a powerful influence on recruiting and retention goals through its establishment of personnel strength levels for each of the Active and Reserve Components. As such, Congress's response to the Administration's force structure plans can have a major impact on each of the services' recruiting and retention goals. If Congress enacts into law manning levels significantly higher than what the Administration proposes, then the services typically increase their recruiting and retention goals to meet the higher objective; conversely, if Congress enacts lower manning levels into law, the services can decrease their goals.

Congress also influences the achievement of these goals through setting military compensation levels (which may include recruiting and retention bonuses, educational benefits, and separation incentives), establishing criteria that affect eligibility for enlistment and retention (for example, age, cognitive, behavioral, and citizenship standards), and by authorizing and funding recruiting and retention programs (for example, providing for dedicated recruiters and career counselors, military entrance processing stations, market research, and advertising). Through its oversight powers, Congress also closely monitors the performance of the executive branch in managing the size and quality of the military workforce.

The policy levers most commonly used by Congress and DOD to manage recruiting and retention in the near term include varying the number of recruiters, funding for advertising, and funding for enlistment and reenlistment bonuses. When recruiting or retention shortfalls occur, or are anticipated, Congress may elect to apply additional resources to these mechanisms, as it did during the last decade. Conversely, when recruiting or retention is expected to be strong, Congress may elect to shift resources away from these areas, as it has done in recent years.

Robust military compensation, force structure cuts, and weakness in the labor market have contributed to a favorable environment for recruiting and retention in recent years. However, these favorable influences appear to be waning to a certain degree. Additionally, the experience of the post-Cold War drawdown raises some cautionary flags. If the drawdown undermines job satisfaction or creates a perception of limited career prospects, or if an improving economy makes civilian employment comparatively more attractive than military service, the services may face a more challenging recruiting and retention environment within a few years.

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<sup>45</sup> General Peter Schoomaker testified before Congress in 2005: "from the end of the first Gulf War until the end of the 1990's, we reduced the active Army force by 300,000 people...If you cut down 300,000 trees, you can do that pretty quick. But now grow 30,000 of them back. But there is an analogy there that is pretty apt. It takes time, as you know, to grow the quality soldier, quality leaders that we have." U.S. Congress, House Committee on Armed Services, *Hearings on the National Defense Authorization Act for FY 2006—Budget Request from the U.S. Army*, committee print, 109<sup>th</sup> Cong., 1<sup>st</sup> sess., February 9, 2005, H.A.S.C. No. 109-2.

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