

**Chapter 5**

**Veterans' Adjustment**

## Contents

	<i>Page</i>
INTRODUCTION .....	129
THE MILITARY SERVICES: NUMBERS AND COMPOSITION .....	129
CHARACTERISTICS OF ENLISTED SERVICE MEN AND WOMEN .....	131
Education and Aptitude .....	131
Skills and Training .....	133
Employer Perceptions .....	133
THE NUMBERS AND COMPOSITION OF THE CUT .....	133
How the Forces Are Cut .....	134
Cuts in Each of the Services .....	136
<i>Minorities</i> .....	137
<i>Other</i> Differential Effects .....	139
VETERANS IN THE CIVILIAN ECONOMY .....	139
Skill Transfer .....	141
How Recent Veterans Are Faring .....	141
PROGRAMS TO AID ADJUSTMENT .....	142
Basic Separation Benefits .....	142
Transition Assistance .....	143
Educational Benefits: The Montgomery GI Bill .....	147
Soldiers as Teachers .....	149
CONCLUSION .....	149

### *Boxes*

<i>Box</i>	<i>Page</i>
5-A. Replacing the Opportunity of Military Service: Is a Civilian Service the Solution? .....	140
5-B. Transition Assistance at Fort Dix, NY .....	146

### *Figures*

<i>Figure</i>	<i>Page</i>
5-1. Distribution of AFQT Scores, 1989 .....	132
5-2. Distribution of Military Occupations .....	132
5-3. Civilian Employers' Perceptions of Soldiers' Education Levels .....	133
5-4. Active Duty Military Personnel, 1974 to 1997 .....	134
5-5. Reduction in End Strength and Involuntary Separations .....	135
5-6. Accessions, Separations and Changes in End Strength .....	136
5-7. Military Personnel Drawdown by Service .....	137

### *Tables*

<i>Table</i>	<i>Page</i>
5-1. Geographical Distribution of Active Duty Personnel in the United States, 1989 ...	131
5-2. Geographical Distribution of Recruits, 1989 .....	131
5-3. Characteristics of Enlisted Troops by Service .....	138
5-4. Percentage of 1989 Accessions in Each Armed Forces Qualification T@ Category by Race .....	139

## INTRODUCTION

Active duty personnel unwillingly discharged from the military are a significant group of workers displaced in the post-Cold War defense spending cutbacks. There is a strong argument on equity grounds for helping ex-service men and women adjust to the civilian economy. Moreover, if there are serious difficulties in transition, the armed forces might find it hard to recruit young people of the caliber needed to maintain the smaller, more technology-intensive force of the future.

Many of the factors affecting the ability of civilian displaced workers to find new jobs also apply to veterans. This chapter focuses on the particular problems military separates are likely to face and the programs available to help them adjust to their new circumstances. It also compares the situation of separates in the early 1990s with that of veterans in previous build-downs.

For the most part, today's veterans are better prepared to face the civilian labor market than their Vietnam era counterparts were. The abilities and education levels of military enlistees are considerably higher in 1990 than they were in 1970.<sup>1</sup> Today's soldiers receive more training in skills with civilian applications and are more likely to have selected their own fields of specialization.<sup>2</sup> Although it is too soon to know for certain, opinion surveys indicate that the success of Operations Desert Shield and Desert Storm have changed for the better the way Americans look at their soldiers.<sup>3</sup> Lingering (if **inaccurate**) images of drug abuse and low levels of aptitude and education seem to have faded. This change in perception, as much **as anything** else,

could ease the transition of military personnel into the civilian economy. Considering the caliber of people currently in the services, the relatively modest number of involuntary separations expected, and the decreasing number of young people entering the U.S. labor force, many of those let go by the armed forces over the next 5 years have a good chance of making a smooth transition to the civilian economy. Many will have a better chance if given effective assistance.

Nevertheless, involuntary separations of men and women from the armed services create some problems that private sector layoffs do not, and the impact of displacement of soldiers could be greater than the numbers suggest. Since the All Volunteer Force (AVF) was established, the services have pushed job security as a benefit; they imply that as long as you do your job well you can stay on and move up. Layoffs will involve going back on this implicit promise. That is regrettable in itself; it could also hurt future recruitment and the morale of those who remain.

## THE MILITARY SERVICES: NUMBERS AND COMPOSITION

Since 1973, the United States has relied solely on volunteers to fill the ranks of the armed forces. During those years, the size of the active duty military force has varied from a low of 2.032 million in 1979 to a peak of 2.224 million in 1987.<sup>4</sup> At the end of fiscal year 1990, the total number of active duty service members was 2,069,357.<sup>5</sup> The largest service is the Army with 732,403 members, followed by the Navy with 579,417, the Air Force with 535,233, and the Marines with 196,652.<sup>6</sup> The active

---

<sup>1</sup>Bruce Palmer, "A Careful Look at Defense Manpower," *Military Review*, vol. 56, September 1976; and Department of Defense, Office of the Assistant Secretary (Force Management and Personnel), *Population Representation in the Military Services: Fiscal Year 1989* (Washington: Department of Defense, 1990)

<sup>2</sup>The term soldier is used generically to mean soldier, sailor, airman or marine.

<sup>3</sup>FebmWof1991. Over 70 percent of respondents to a *New York Times/CBS News* poll felt that U.S. forces performed better in the Gulf War than they had expected. Over 90 percent of respondents to the same poll rated the performance of the Gulf War soldiers as "excellent and over 70 percent reported having gained respect for U.S. armed forces.

<sup>4</sup>Active duty service members are the focus of this chapter because, unlike members of the reserves, they rely solely on the military for employment. While return of reservists called up for duty in the Persian Gulf War to their civilian careers is an important issue, it is not within the scope of this report. All calculations of reductions in end-strength exclude these reservists.

<sup>5</sup>This includes 25,652 reservists who had been called to active duty as part of Operation Desert Storm.

<sup>6</sup>Department of Defense, Office of the Assistant Secretary, Force Management and Personnel, spring '99'.

duty military comprised 1.7 percent of all employment in the United States in 1990; this compares with defense industry employment at 2.6 percent, and civilian Department of Defense (DoD) employment amounting to 0.9 percent.<sup>7</sup> Among certain subpopulations, dependence on the military for employment is considerably higher. The group most dependent on the active duty military for employment are young black males. Military service accounts for 10.6 percent of employment of black males between the ages of 18 and 29, compared to 5.4 percent for white males of the same age.

Employment in the armed services is spread throughout the United States and the world. In fiscal year 1990, 1.1 million (55 percent) of the 2.1 million service men and women on active duty were stationed at bases in the United States. The next largest group, 227,000 troops (11 percent), was in West Germany. Another 175,000 were listed as ‘‘afloat’’ (at sea). The remaining troops were distributed in other foreign lands, predominantly in Europe and Asia. Of the troops stationed in the United States, the Southeast has much more than its proportionate share and the Northeast and North Central regions much less (table 5-1).

New recruits are drawn more from the South and Mountain regions than elsewhere in the country, and less from the Northeast (table 5-2). The State with the highest level of accession (Montana) has twice the national average, while the one with lowest rate of accession (Massachusetts) has slightly less than half the national average.<sup>8</sup>

The military’s two major categories are commissioned officers and enlisted personnel. By and large, enlisted personnel are recruited directly out of high school. Commissioned officers are brought in through the service academies, Officer Candidate

Schools, and Reserve Officer Training Corps (ROTC). Almost all are college graduates.

The 296,589 commissioned officers on active duty at the end of fiscal year 1990 are about 14 percent of the total active duty force. Under current DoD projections, the total reduction in the officer ranks will be about 54,408 (17.7 percent) from 1990 to 1995.<sup>9</sup> Officers are far more likely than enlisted personnel to serve until they are eligible for retirement; roughly 40 percent of all officers retire from the military having served at least 20 years.<sup>10</sup> Because the officer ranks experience low rates of turnover, about half of the reductions in officer ranks will probably be carried out through involuntary separations, with the remainder occurring through reductions in new entrants, early retirement options, and normal attrition.<sup>11</sup> With their college educations, they should have wider opportunities and less difficulty adjusting to the civilian economy than the rank-and-file enlisted personnel.<sup>12</sup> For this reason, commissioned officers are not the principal focus in this chapter. However, transition programs that apply to enlisted personnel are also available to officers.

Most of the military is composed of enlisted personnel. Under current DoD projections, the total reduction in enlisted ranks from 1990 to 1995 will be 337,123 (20 percent).<sup>13</sup> Enlisted personnel are the foot soldiers, the support providers, and the technicians. Recruited fresh out of high school, they are younger than commissioned officers and tend to serve shorter periods of time. Their median age is 19.6 years at accession and 26.4 years overall, whereas officers have a median age of 25.4 years at accession and 33.4 years overall.<sup>14</sup> In fiscal year 1990, 49 percent of enlistees completing their first term of service (2 to 5 years) did not choose to

<sup>7</sup>The 1.7 percent figure includes military members not serving in the United States. These soldiers are not considered in the Census Bureau tabulation of U.S. employment or labor force data. The estimate of employment in defense industry and data on DoD civilian employment are from the Department of Defense, Office of the Comptroller, *Budget Estimates for FY 1992* (Washington DC: March 1991).

<sup>8</sup>Department of Defense, *Population Representation in the Military Services: Fiscal Year 1989*, op. cit., p. 38.

<sup>9</sup>DoD, Office of the Assistant Secretary, Force Management and Personnel, unpublished projections as of April 1991.

<sup>10</sup>*Ibid.*

<sup>11</sup>Data on involuntary separations from DoD, Office of the Assistant Secretary, Force Management and Personnel, projections as of May 1991, New provisions of the Defense Authorization Act of 1991 allow the services to offer cash incentives to some soldiers if they willingly separate. Thus the overall number of ‘‘involuntary’’ separations will probably be lower than those shown in the May 1991 projections.

<sup>12</sup>For displaced workers in general, those with higher levels of education fare better in getting replacement jobs than those with fewer years of schooling. Michael Pogursky and Paul Swaim, ‘‘Do More-Educated Workers Fare Better Following Job Displacement?’’ *Monthly Labor Review*, vol. 112, August 1989.

<sup>13</sup>DoD, Office of the Assistant Secretary, Force Management and Personnel, projections as of May 1991.

<sup>14</sup>Department of Defense, *Population Representation in the Military Services: Fiscal Year 1989*, op. cit.

**Table 5-1--Geographical Distribution of Active Duty Personnel in the United States, 1989**

Region	Active duty personnel (percent)	Employed persons (percent)
Northeast . . . . .	6.1 %	20.80/
North central . . . . .	10.2	24.8
South atlantic . . . . .	31.8	17.5
East south central . . . . .	6.3	5.7
West south central . . . . .	14.1	10.3
Mountain . . . . .	8.3	5.2
Pacific . . . . .	23.3	15.5
Total . . . . .	100.0 <sup>240</sup>	100.0 <sup>90</sup>

SOURCES: Department of Defense, Directorate for Information, Operations and Reports, *Selected Manpower Statistics*, FY 1989, MO-1 (Washington, DC: 1990); and Bureau of Labor Statistics, *Employment and Earnings*, annual averages, 1990.

continue with another. Only about 12 percent of enlisted personnel leave the military having served the retirement minimum of 20 years,<sup>15</sup> Because of this higher rate of turnover, the services will not have to rely very heavily on involuntary separations to trim the enlisted ranks. Under recent plans, less than 15 percent of enlisted reductions will be from involuntary separations.<sup>16</sup> However, greater numbers of enlisted personnel will be most affected by the drawdown of forces, they may have fewer options in civilian life than college educated officers, and they are of most public concern in veterans' adjustment policies,

## CHARACTERISTICS OF ENLISTED SERVICE MEN AND WOMEN

Today's volunteer force is no underclass army. While various measures of socioeconomic status are lower on average for military personnel than for the overall population, the differences are very small and are due largely to underrepresentation of the highest status levels in the military.<sup>17</sup> In a 1989 report, DoD concluded:

The contention that the enlisted ranks are recruited from the lower socio-economic strata of society is not supported by the evidence. In the last

**Table 5-2--Geographical Distribution of Recruits, 1989**

Region	Recruits (percent)	Civilians 16 to 24 years' old (percent)
Northeast . . . . .	14.20/0	20.8%
North central . . . . .	25.9	25.0
South atlantic . . . . .	18.8	16.4
East south central . . . . .	7.5	6.4
West south central . . . . .	14.1	10.8
Mountain . . . . .	6.5	5.1
Pacific . . . . .	13.1	15.5
Total . . . . .	100.0%	100.0%

SOURCE: Department of Defense, Office of the Assistant Secretary, Force Management and Personnel, *Population Representation in the Military Services: Fiscal Year 1989* (Washington, DC: 1990).

half of fiscal year 1989, the period for which data are available, the great majority of the parents of recruits had a high school education or better, were married, and owned their own homes.<sup>18</sup>

Enlisted military personnel do not trail their civilian counterparts in educational attainment, aptitude, or training. The All Volunteer Force is not America's employer of last resort. Moreover, as discussed below, many of the skills and occupations prevalent in the military are transferable to the civilian economy.

### Education and Aptitude

The military forces have a greater share of people with average to above average aptitude than American society as a whole. The Armed Forces Qualification Test (AFQT) is administered to every potential recruit. The scores are calculated on a percentile basis. Each service has its own minimum requirement for enlistment; in general the services admit people with lower AFQT scores if they have a high school diploma. Scores on the AFQT are often reported in five categories, with the middle category further split to separate those above and below the mean value, as follows: I (93 to 99 percentile), II (65 to 92 percentile), IIIA (50 to 64 percentile), IIIB (31 to 49 Percentile), IV (10 to 30 Percentile), and V (1 to 10 percentile). As figure 5-1 indicates, the

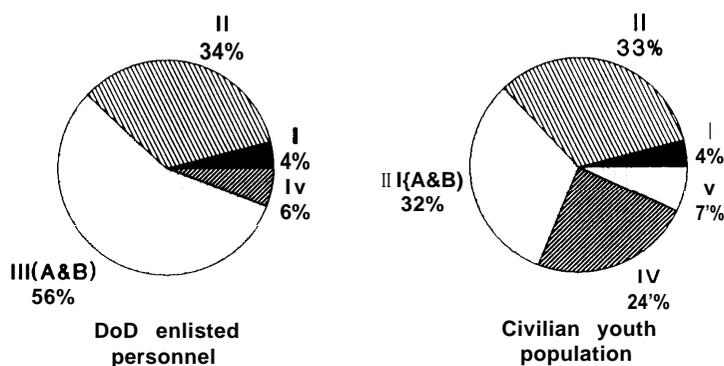
<sup>15</sup>Lt. Col. David Moore, Office of the Assistant Secretary of Defense, Force Management and Personnel, personal communication, Nov. 13, 1991.

<sup>16</sup>Data on involuntary separations from DOD, Office of the Assistant Secretary, Force Management and Personnel, projections as of May 1991. As noted, new provisions of the Defense Authorization Act of 1991 allow the services to offer cash incentives to some soldiers if they willingly separate. Thus the overall number of "involuntary" separations will probably be lower than those shown in the May 1991 projections.

<sup>17</sup>Robert Hale, Congressional Budget Office, testimony at hearings before the House Subcommittee on Education, Training, and Employment, Committee on Veterans' Affairs, Oct. 17, 1991, Congressional Budget Office.

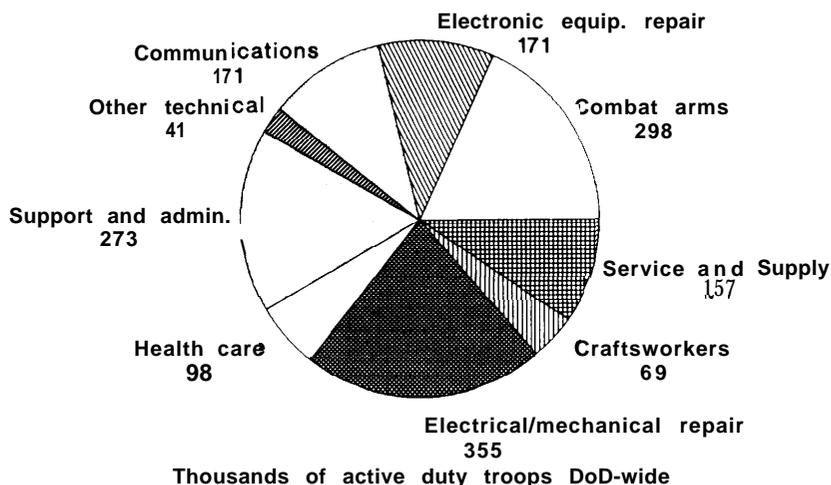
<sup>18</sup>Department of Defense, *Population Representation in the Military Services: Fiscal Year 1989*, op. cit., p. 55.

Figure 5-1—Distribution of AFQT Scores, 1989



SOURCE: Department of Defense, Office of the Assistant Secretary, Force Management and Personnel, *Population Representation in the Military Services, Fiscal Year 1989* (Washington, DC: July 1990), p. 27.

Figure 5-2—Distribution of Military Occupations



SOURCE: Janice Laurence, Human Resources Research Organization, "Crew Cuts: The Effects of Drawdown on Minorities," paper given at Department of Education, Office of Educational Research conference: Education's Role in the Restructuring of the Defense and Other Industries, May 16, 1991, p.17.

military has about the same representation in Categories I and II as the population at large, but has many fewer Category IVs and no Category Vs.<sup>19</sup>

Almost all enlisted personnel have a high school diploma; the percentage rose from around 65 percent in 1973 to over 90 percent in 1989.<sup>20</sup> Many older

soldiers who did not have high school credentials when they entered the services have earned graduate equivalency degrees (GEDs) while on active duty (10,240 in fiscal year 1989).<sup>21</sup> DoD reports that its recruits read, on average, slightly above the 11th grade level, while the average reading level of the

<sup>19</sup>The military is prohibited from accessing any category Vs, and can only accept category IVs who are high school graduates, because of misnorming of the AQFT test in the late 1970s, a number of category Vs were accidentally allowed to enlist. Fewer than 350 of these enlistees are still on active duty.

<sup>20</sup>Department of Defense, *Population Representation in the Military Services: Fiscal Year 1989*, op. cit.

<sup>21</sup>Clinton Lee Anderson, "Educational Resources Available for Transition of Servicemembers," presented at the Department of Education, Office of Educational Research and Improvement Conference, May 16, 1991, p. 18.

young adult population at large is just above the 9th grade level.<sup>22</sup>

### *Skills and Training*

The armed forces are the single largest trainer in the United States.<sup>23</sup> Most military training is carried out in the first 12 to 18 months of service. After basic training, soldiers are assigned to a specialty training school, are then placed in the field, and continue to learn on the job. They may train further in the same specialty or in management to prepare for a more senior position.

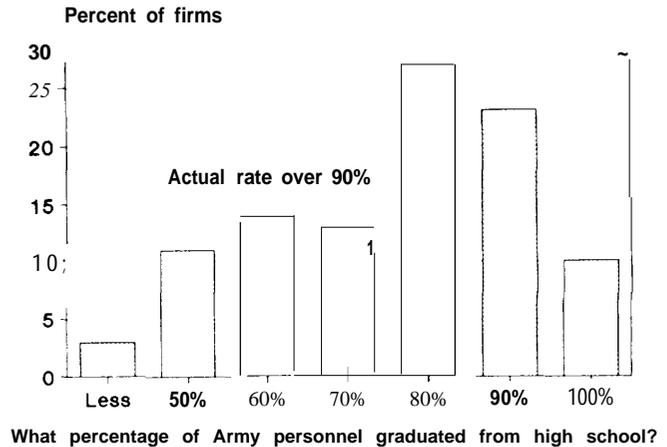
As figure 5-2 illustrates, relatively few military personnel—about 18 percent—are in combat positions. The largest skill/specialty category is electrical maintenance, a highly transferable skill.<sup>24</sup> Many transferable but lower skill jobs are found in the service and supply category, including food service workers, office and store managers, and truck drivers. Those in service and supply areas may not have the same earnings potential as those in technical areas but they should have good chance of finding employment in their fields of training. Even some combat occupations offer crosswalks to civilian occupations. For example, some combat engineers are hoist operators, survey technicians, or laborers; all these positions require skills that could translate into civilian jobs. Senior combat personnel who supervise repair of equipment in the field have skills that might be used in managing civilian mechanics and repairers.<sup>25</sup>

### *Employer Perceptions*

Two months before the air war in the Persian Gulf began, the Army Research Institute released a report on the attitudes of employers toward recent veterans. The primary conclusion was the following:

Results indicate that this lack of [employer] awareness may deter an employer from hiring a veteran because of inaccurate perceptions about the education level, the skills and abilities possessed by

**Figure 5-3-Civilian Employers' Perceptions of Soldiers' Education Levels**



SOURCE: Schroyer, Hanson, Lerro, and Benedict, *Analysis of the AR/ Survey of Employers* (Washington, DC: Army Research Institute, 1990).

veterans, and in general, the experience, opportunities, and credentials of veterans.<sup>26</sup>

While the study demonstrated that in general employers felt veterans possessed positive intangible characteristics, such as honesty and leadership (at least as much as nonveterans), they were misinformed about veterans' skills and education (figure 5-3).<sup>27</sup> Although it appears that Operations Desert Shield and Desert Storm have significantly altered these perceptions, misinformation about the caliber of people exiting the armed forces could still be something of a barrier to a smooth transition.

## THE NUMBERS AND COMPOSITION OF THE CUT

Under current projections, a total of 390,726 active duty personnel, both enlisted and officers, would be cut from the armed forces from fiscal year 1990 to fiscal year 1995; that is 19 percent of the fiscal year 1990 force level. The largest reduction in

<sup>22</sup>Department of Defense, Population *Representation in the Military Services: Fiscal Year 1989, op. cit.*, p. 28.

<sup>23</sup>For a full discussion of worker training in the United States, see U.S. Congress, Office of Technology Assessment, *Worker Training: Competing in the New International Economy*, OTA-ITE-457 (Washington DC: U.S. Government Printing Office, September 1990).

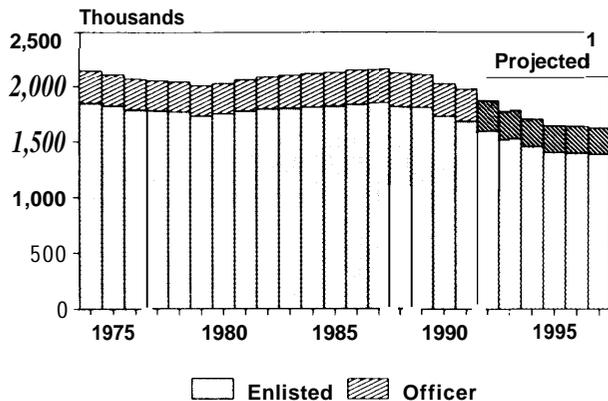
<sup>24</sup>Mangum and Ball report transfer rates for electrical maintenance at 53 percent as compared to 28 percent for combat arms. Stephen Mangum and David Ball, "Military Skill Training: Some Evidence of Transferability," *Armed Forces and Society*, vol. 13, No. 3, spring 1987, p. 428.

<sup>25</sup>*The Miltran Guide to Career Opportunities: Army Edition* (Wayne, PA: Miltran, Inc., March 1991). DoD is attempting to expand and refine a crosswalk pioneered by Miltran, a private firm that offers transition services to military personnel.

<sup>26</sup>Connie J. Schroyer, Linda A. Hansen, Pasquale A. Lerro, and Michael E. Benedict, *Analysis of the 1990 ARI Survey of Employers* (Washington, DC: Army Research Institute for the Behavioral and Social Sciences, 1990), p. 10.

<sup>27</sup>*Ibid.*, pp. 11, 20.

**Figure 5-4-Active Duty Military Personnel, 1974 to 1997**



SOURCE: Department of Defense, Office of the Comptroller, *National Defense Budget Estimate for FY 1992* (Washington, DC: 1991) and projections from the Office of the Assistant Secretary of Defense, Force Management and Personnel, unpublished data, May 1991.

a single year, 106,000 troops, is currently planned to occur in fiscal year 1992 (figure 5-4). originally, Congress required the Secretary of Defense to reduce active duty end strength (the number of active duty personnel at the end of the fiscal year) by at least 80,000 from 1990 to 1991. After Desert Storm, Congress removed the mandated reduction in 1991 military end strength.<sup>28</sup> The Secretary has stated, however, that forces will be reduced by 45,477 in 1991. Thus, while personnel cuts have been somewhat delayed, they will occur and they will be deep. Beyond 1995 the course is unclear. However, if present trends in security needs continue, deeper cuts in active duty forces may occur. Kauffman and Steinbruner suggest that an active duty force of 1.34 million is possible by 2001, given current trends.<sup>29</sup> Achieving an end strength this low would require continued reductions of about 50,000 per year after 1995.

While the overall reductions will be large, the proportion of involuntary separations will be relatively small, especially in the enlisted ranks. Even before Congress provided incentives to encourage more voluntary separations, involuntary separations

were expected to amount to no more than about 20 percent of the overall reduction. In fact, fewer than 1,000 involuntary separations took place in fiscal year 1990, and fewer than 5,000 were anticipated for fiscal year 1991. The largest number of involuntary separations, roughly 27,000, was expected to take place in fiscal year 1995 and the total number over fiscal years 1990 to 1995 was to be almost 100,000 (see figure 5-5), comprising some 30,000 officers and 70,000 enlisted personnel.<sup>30</sup>

### *How the Forces Are Cut*

Reductions in forces can be accomplished by two means—attrition and involuntary separation (lay-off). Attrition is exceptionally effective as a means of downsizing in the armed forces (see figure 5-6). In an average recent year, roughly 290,000-members left the ranks of the armed forces (a turnover rate of about 15 percent).<sup>31</sup> Most of those voluntarily leaving are young enlisted personnel who did not plan a career in the military. With this rate of attrition, it might seem that the reduction of forces could be accomplished simply by massively curtailing accessions (new entrants). While this approach might avoid displacement, it is not a viable option from the perspective of force structure management or long-term security.

The military services hire only entry-level employees; advancement through the ranks is closely related to tenure. If recruitment of new soldiers were radically curtailed, there would be too many senior personnel for the number of lower level enlistees in the short run and, in the long run, there would be too few senior personnel. The military services need to maintain a balance between the number of senior and junior personnel, which can only be done by thinning the ranks evenly and continuing to recruit new entrants.<sup>32</sup> The lowest ranks will be reduced through normal attrition and increases in the standards for reenlistment, while the highest ranks will be thinned through early retirement.

The vesting of retirement benefits complicates military force reductions. Currently, full vesting takes place at 20 years; no benefit is paid to soldiers

<sup>28</sup>Persian Gulf Conflict Supplemental Authorization and Personnel Benefits Act of 1991, Public Law 102-25, Sec. 201.

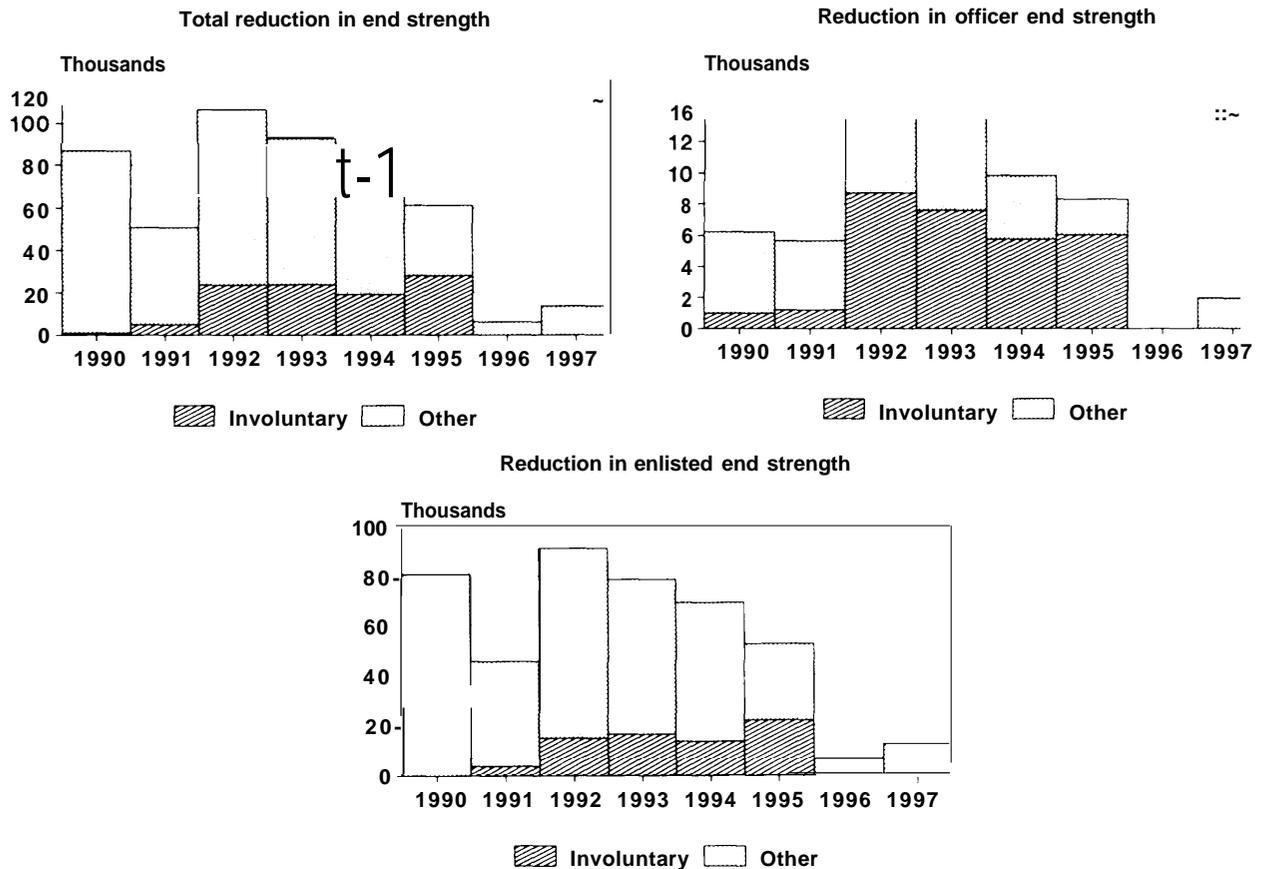
<sup>29</sup>William Kauffman and John Steinbruner, *Decisions for Defense: Prospects for a New World Order* (Washington DC: The Brookings Institution, 1991).

<sup>30</sup>Data on involuntary separations from the DoD, Office of the Assistant Secretary, Force Management and Personnel. Estimates as of May 1991.

<sup>31</sup>The average for the years 1980 to 1990.

<sup>32</sup>U.S. Congress, Congressional Budget Office (CBO), *Managing the Reduction in Military Personnel*, @O Paper (Washington, DC: July 1990).

Figure 5-5-Reduction in End Strength and Involuntary Separations



NOTE: Projections of involuntary separations were made before the new voluntary separation incentive was enacted; This number may overstate the actual number of involuntary separations that will take place.

SOURCE: Office of the Assistant Secretary of Defense, Force Management and Personnel, unpublished data, May 1991.

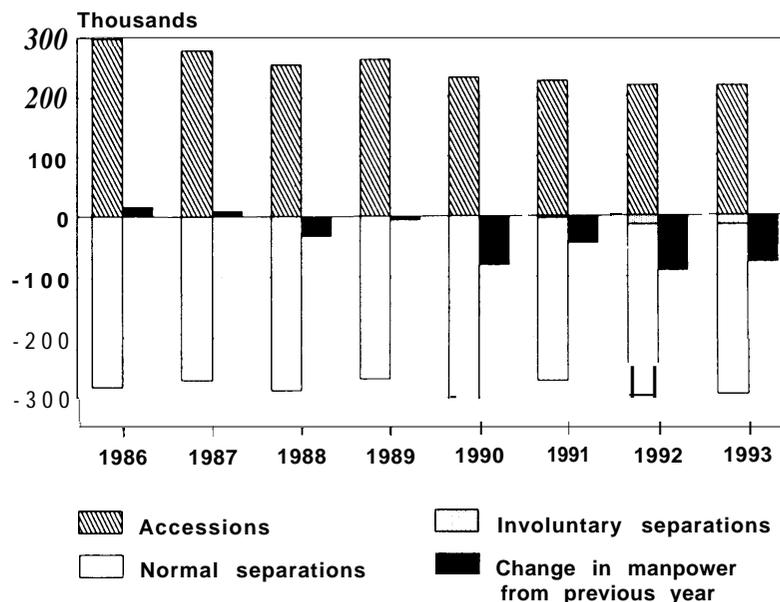
leaving active duty with fewer than 20 years of service. This all-or-nothing system creates an incentive for midlevel soldiers to continue their careers. When the size of the armed forces remains stable over a number of years, maintaining the balance between tenure groups is not a problem. However, during downsizing, those with 10 to 15 years' experience present a dilemma for military planners. These soldiers are unlikely to leave the military voluntarily when they are so close to retirement, yet forcing them out could lessen the attractiveness of a military career. Young people might decide it is not worth taking the risk of serving 15 years only to be separated and receive no pension. Nevertheless, to allocate military personnel efficiently, the number of soldiers in the 10- to 15-years of service category must be reduced.

Recognizing the vulnerable position of midlevel career service people, Congress has granted those

with more than 10 years but less than 20 years of service some protection from involuntary separation. Under the Defense Authorization Act of 1990, all other tenure groups (first-term reenlistments, accessions, and forced early retirements) must be tapped to meet the required reductions in manpower levels before any of those in the 10- to 19-year groups can be involuntarily separated. Moreover, under the 1991 Defense Authorization, the Defense Secretary is permitted to increase end strength by as much as 2 percent to avoid involuntarily separating soldiers in the 6- to 20-year category.

To further avoid large-scale involuntary separations and minimize RIFs (reductions in force, i.e. involuntary separations based solely on meeting end strength without regard to job performance), Congress recently authorized DoD midcareer soldiers to offer monetary incentives to leave the military

Figure 5-6-Accessions, Separations and Changes in End Strength



NOTE: Projections of involuntary separations were made before the new voluntary separation Incentive was enacted, thus number may over state the actual number of involuntary separations which will take place.

SOURCE: Office of the Assistant Secretary of Defense, Force Management and Personnel, unpublished data, May 1991.

before retirement.<sup>33</sup> These payments have the potential to greatly reduce the number of required layoffs. The estimates of involuntary separations in this chapter do not reflect this early-out option and may well overstate the number of involuntary separations that will be required in the coming years.

One of the first options the services have examined in reducing force levels is stricter enforcement of existing regulations. Personnel who commit disciplinary offenses that in the past would have led to rehabilitation may now be discharged. Other longstanding but loosely enforced policies are now being more strictly enforced. For example, Army personnel, under newly developed regulations, will be discharged if they are overweight and fail to slim down after a 6-month fitness program.<sup>34</sup> People in this category will receive a reduced package of the special benefits available to involuntary separates.

### *Cuts in Each of the Services*

*The* Army, and to a lesser the extent the Air Force, will bear the brunt of the reductions in military forces. The Army and the Air Force shouldered the burden of the European defense, and with the Soviet threat disappearing, their missions are radically reduced. The historical missions of the Marine Corps and the Navy are thought to be a better match for the kinds of regional conflict that the United States may encounter in the future. Assuming a DoD-wide cut of 19 percent of FY 1990 end strength, the Army would lose 26.9 percent of its troops, the Air Force 18.3 percent, the Marine Corp 13.2 percent, and the Navy 12 percent (figure 5-7).<sup>35</sup> Involuntary separations will vary by service, with the Army and Air Force planning to use them more heavily than the Marine Corps, and the Navy planning none at the enlisted level (figure 5-7).<sup>36</sup>

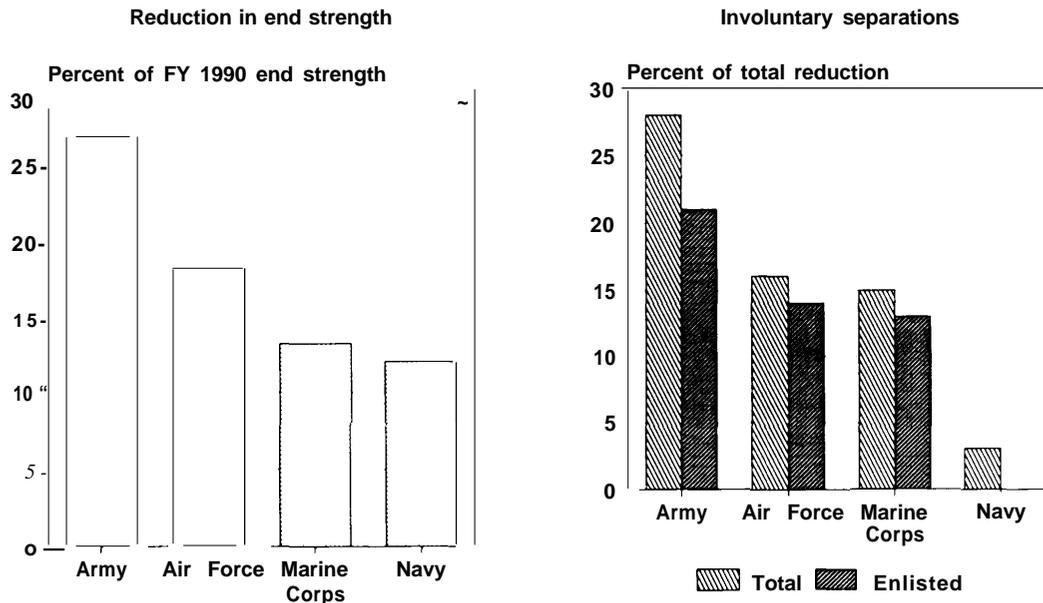
<sup>33</sup>Under the Defense Authorization Act of 1991.

<sup>34</sup>Brent Mitchell, 'It's Shape Up or Ship Out in Army Now,' *Washington Post*, June 18, 1991, p. A19.

<sup>35</sup>DoD, Office of the Assistant Secretary, Force Management and Personnel.

<sup>36</sup>Ibid.

Figure 5-7-Military Personnel Drawdown by Service



NOTE: Projections of involuntary separations were made before the new voluntary separation incentive was enacted; This number may overstate the actual number of involuntary separations that will take place.

SOURCE: office of the Assistant Secretary of Defense, Force Management and Personnel, unpublished data, May 1991.

Army reductions will account for one-half of all armed services cuts. Of the estimated 100,000 DoD-wide all-services involuntary separations, from fiscal years 1990 through 1995, two-thirds will come from the Army.<sup>37</sup> Because the Army is the service with the smallest percentage of skilled jobs, the lowest levels of aptitude, and the highest concentration of minorities, the transition problems faced by its separates may be somewhat greater than is implied by the aggregate levels of skills, aptitude, and minority participation in all the services (table 5-3). The Army has a larger share of combat and service and supply positions than either the Air Force or the Navy. Skills in combat occupations are generally the least transferable, and service and supply jobs tend to be rather low-skilled.

### Minorities

Because minorities are overrepresented in the military as a whole and the Army in particular, they stand to be disproportionately affected by the downsizing of the military. Also, African Americans

in the military have relatively lower AFQT (table 5-4) and overall ASVAB (Armed Services Vocational Aptitude Battery) test scores. To the extent that test scores predict inservice performance, and to the extent that inservice performance is the basis for deciding which soldiers shall be involuntarily separated, minority service members could be disproportionately affected. African Americans currently represent 23 percent of all members of the armed forces and 31 percent of Army personnel, but they could account for a larger percentage of those denied reenlistment.<sup>38</sup> However, the new system of incentives for voluntary separation may limit this effect if white soldiers, perceiving more favorable civilian job opportunities, disproportionately opt to accept the incentive.

More broadly, diminished access to military careers represents a significant loss of economic opportunity for black men. The military's reputation as the most "color-blind" large employer in the United States is well-founded. Integrated in 1948, the military currently has a higher proportion of

<sup>37</sup>Ibid.

<sup>38</sup>Janice Laurence, Human Resources Research Organization, "Crew Cuts: Effects of Defense Drawdowns on Minorities," paper presented at Department of Education, Office of Educational Research and Improvement Conference, May 16, 1991, p. 22.

Table 5-3-Characteristics of Enlisted Troops by Service

Service	Percent black	Percent high school graduate	Percent accessions category I and II minus percent category IV	Percent occupations combat or service and Supply <sup>a</sup>
Army .....	31.9%	98.4%	29%	36.0%
Navy .....	17.4	94.3	24	14.1
Air Force .....	17.6	99.3	53	15.9
Marine Corps .....	20.7	99.9	37	38.2
Total .....	23.0%	97.6%	32%	25.7%

<sup>a</sup>Combat and Service and Supply occupations are Military Occupational Specialty codes O and 8.

SOURCE: Data from Department of Defense, Office of the Assistant Secretary, Force Management and Personnel, *Population Representations, FY 1989* (Washington, DC: 1990).

minorities in management positions than any other large U.S. organization.<sup>39</sup> Altogether, the military is a very important employer of African Americans. Of all African Americans between the ages of 18 and 29, 4.1 percent are serving in the military, compared to 2.4 percent of whites. Of all jobs held by African Americans aged 18 to 29, 7.1 percent are in the military, compared to 2.4 percent of whites. Among black men aged 18 to 29, 7.2 percent are serving in the military, accounting for 10.6 percent of the total employment of that group (table 5-4). The figures are still more striking if only those African Americans who qualify for military service are considered. In 1980, it was estimated that only 43 percent of young black men would qualify for the military as compared to 85 percent of whites.<sup>40</sup> New evidence suggests that, if anything the percentage has decreased since 1981,<sup>41</sup> but using the estimate of 43 percent, about one-quarter of the qualified employed black male population between the ages of 18 and 29 is serving in the military.

The drawdown could have a significant adverse effect on the employment prospects of African Americans. If the overall level of accession decreases 20 percent and the proportion of African Americans in accessions declines by about 20 percent,<sup>42</sup> the number of African Americans serving in the military could fall from the current level of about 410,000 to 260,000—36 percent in the long

run. Moreover, without the benefit of military training or experience, many young black men will find it harder to get a civilian job. Although accurately measuring the value of military training and experience is difficult, many studies indicate greater increases in post-service civilian job status for black veterans that are greater than those found for white veterans.<sup>43</sup>

Some areas of the country will be disproportionately affected by reductions in the military forces, and minorities tend to be concentrated in those areas. The South, which has a high rate of minority enlistment and relatively low average AFQT scores, will probably be most affected.<sup>44</sup>

Although limiting access of African Americans to the services could be economically damaging, many black community leaders believe that too much of the burden of national defense has been placed on the shoulders of African Americans. In this respect, a more racially representative military force might be desirable. On the other hand, the sequence of fighting a war with a disproportionately black force and then disproportionately separating African Americans after the war might seem callous or unjust. Secretary Richard Cheney has testified that attempts will be made to limit disproportionate cuts of minority service men and women, but exactly how that pledge might be carried out remains to be seen. Army officials have stated that minority composi-

<sup>39</sup>Charles Moskos, "How Do They Do It," *The New Republic*, vol. 205, No. 6, Aug. 5, 1991, p. 20.

<sup>40</sup>Mark J. Eitelberg, Department of Defense, Office of the Assistant Secretary, Force Management and Personnel, *Manpower for Military Occupations* (Washington DC: 1990), pp. 169-172.

<sup>41</sup>Janice Laurence, Human Resources Research Organization personal communication, October 1991.

<sup>42</sup>Derived from David Boesel, Department of Education, "The Newly Unqualified," paper presented at Department of Education, Office of Education Research Conference, Education Role in the Restructuring of the Defense and Other Industries, May 16, 1989.

<sup>43</sup>For example, see Dennis De Tray, "Veteran Status as a Screening Device," *The American Economic Review*, March 1982, pp. 139-140.

<sup>44</sup>DoD, *Population Representation in the Military, FY 1989*, op. cit.

**Table 5-4-Percentage of 1989 Accessions in Each Armed Forces Qualification Test (AFQT) Category by Race**

AFQT category	White	Black	Other
I . . . . .	5	1	2
II " . " . " . . . . .	41	16	25
III A . . . . .	27	25	26
III B . . . . .	23	46	37
IV . . . . .	4	14	10
V . . . . .	—	—	—
Total " . " . . . . .	100	100	100

**SOURCE:** Data from Department of Defense, Office of the Assistant Secretary, Force Management and Personnel, *Population Representations, FY 1989* (Washington, DC: 1990), p. 29.

tion will not be a factor in reducing forces. 45 Box 5-A discusses another option that some have proposed for enlarging opportunities for noncollege-bound youth—a civilian service.

### *Other Differential Effects*

Women involuntarily separated from the military will be relatively few, and those few probably will not face particular difficulty in transition. Women compose 11 percent of the active duty force. In the civilian youth population, women do not have significantly higher or lower AFQT scores than men. Within the military, however, women score higher on the AFQT than men. Because they are currently not allowed to fill combat positions, women in the services are more heavily concentrated in service, administrative, and health care positions. These may not necessarily be high skill jobs but should be reasonably transferable to the civilian economy.

Finally, it seems unlikely that any particular kind of military job will be singled out for elimination. It is difficult to cut disproportionately any particular types of activities in the highly structured military; all are related in more or less fixed ratios. A certain number of combat troops requires a certain number of supply and support troops. Each fighter plane requires a pilot and a given number of technicians. The military may try to get by with fewer support

personnel for each combat or technical soldier, but in the main military jobs seem likely to be cut in proportion to the overall reduction.

## VETERANS IN THE CIVILIAN ECONOMY

Reports on veterans' civilian labor market experiences have focused on the degree to which military service affects civilian earnings. Many analyses of World War II veterans showed that they earned considerably more than non-veterans, even when factoring in demographic characteristics; however, some recent studies of veterans of that era refute these findings. Studies of Korea and Vietnam veterans showed either no difference or lower earnings for veterans. Considering that those wartime forces tended to have shorter terms of training and service than peacetime forces and were composed more of draftees rather than of volunteers, the relevance of the earlier studies to current conditions may be limited.

Few studies of the outcome of the All Volunteer Force (AVF) veteran transition have been undertaken. One study, which showed no benefit from military service, is not very relevant because it was based on veterans who had been recruited into the military when their AFQT scores were inflated through miscalculation.<sup>46</sup> The conclusion of that report was not that military training has no civilian reward but rather that the lot of people with low aptitude is not improved through military service. The experience of the service men and women facing layoff in the near future should be different. The few studies that used a more representative sample of AVF service men and women found positive earnings differentials for veterans.<sup>47</sup>

Several factors may account for earnings differences—positive and negative—between veterans and nonveterans.<sup>48</sup> Factors leading to higher earnings include: occupational training provided by military service; education assistance; greater mo-

<sup>45</sup>Grant Willis, "Some Fear Drawdown, Opportunity Won't Mix," *Army Times*, July 8, 1991, p. 6.

<sup>46</sup>Janice Laurence, Peter Ramsberger, and Monica Gribben, *Effects of Military Experience on the Post-Service Lives of Low-Aptitude Recruits: Project 100,000 and ASVAB Misnorming* (Washington, DC: Human Resources Research Organization, 1989).

<sup>47</sup>For examples, see Stephen Mangum and David Ball, "The Transferability of Military-Provided Occupational Training in the Post-Draft Era," *Industrial and Labor Relations Review*, vol. 42, No. 2, January 1989; Joshua Angrist, Harvard University, "The Effects of Veterans' Benefits on Veterans' Education and Earnings," paper presented at Department of Education, Office of Educational Research and Improvement Conference, May 16, 1991.

<sup>48</sup>David B. Kassing, "Military Experience as a Determinant of Veterans' Earnings," in *Studies Prepared for the President's Commission on an All-Volunteer Force*, vol. 2, part 3, No. 8, 1970.

### ***Box 5-A-Replacing the Opportunity of Military Service: Is a Civilian Service the Solution?***

Besides displacing some current members of the armed forces, the military drawdown will also deny the economic opportunity provided by military service and training to some 290,000 people from 1990 to 1995. Roughly 120,000 (41 percent) of those will probably be African Americans.<sup>1</sup> David Boesel calls the young people who would have been eligible to serve under current enlistment standards but who will be denied enlistment under higher standards the "Newly Unqualified." Because they are at the low end of the military's current aptitude distribution, they are not very likely to be college-bound and their nonmilitary **and training options** are relatively few.<sup>2</sup>

One way to restore lost economic opportunity to these young people might be a national civilian service, offering post-service education or training benefits as well as on-the-job training to participants in return for work on projects of national interest. Among recent proposals to create a National Service Corps, Sen. Sam Nunn's in the 101st Congress gained considerable attention.<sup>3</sup> It sought to phase out many federally funded educational loan and grant programs, and replace them with a national service education benefit. Debate on the proposal emphasized promoting community service work by tying national service to education benefits. An alternative to military service for non-college bound young people got less attention. A problem in relation to this goal is that if good educational benefits are offered to national service members, and especially if other government educational programs are cut back better educated applicants could crowd out the newly unqualified. Unless national service were made universal, middle class college-bound youth could fill most of the available spots.

The pilot National and Community Service Act that eventually became law,<sup>4</sup> Sponsored by Sen Edward Kennedy, contained many of the basic elements found in Sen. Nunn's bill, but it did not phase out other educational benefits. The act created two programs for 16- to 24-year-old high school graduates, the American Conservation Corps and the Human Services Corps. The conservation corps will carry out projects to improve Federal lands (reforestation, wildlife habitat maintenance, road, trail and bridge maintenance, etc.). The Human Services Corps will provide otherwise unavailable social services in fields such as health care and education. AU of these positions will have a training element imparting skills that can be transfixed to jobs in the private sector. Participants will receive a subsistence stipend while in the service and afterward will receive a lump sum benefit applicable to education costs or first home purchase.

A drawback to program of this sort as a substitute for military service is that they lack the tradition of respect and prestige that comes with a military career. Most public service programs lack this special cachet for non-college-bound youth. For example, joining the Peace Corps or VISTA is socially acceptable for children of privilege, but the rate of enrollment in the Peace Corps for minorities and people of lower economic status indicates that it does not have the same appeal in those communities. To win respect, participation in any national service program must be seen as important to society. If it looks like "make work," national service will not attract the newly unqualified nor is it likely to help them find post-service employment. It may be hard to create a program with significant social worth that is not in a field already occupied (even if inadequately) by another government program or the private sector. The emergence of environmental goals as almost universally acceptable may offer the best opportunity for national service work. Cleaning, protecting, or improving the environment is a new priority, and is not seen as adequately handled by existing programs.

Even if a national civilian service were able to attract many of the newly unqualified to participate, there is no guarantee that it would offer as much or as good post-service employment as the military. If national service is administered at the State or local level, as the National Community and Service Act will be, it probably will not provide the same increase in post-service geographic mobility provided by military service. The propensity of veterans to move away from their home towns is a key factor in the increased earnings experienced by minority veterans over comparable non-veterans.

Thus, while a system of civilian national service maybe desirable, it probably would not adequately replace military service for the newly unqualified,

<sup>1</sup>Estimates derived from David Boesel, "Cutting Recruits: A Profile of the Newly Unqualified," presented at Department of Education, Office of Educational Research and Improvement Conference: Education's Role in the Restructuring of Defense and other Industries, May 16, 1991 and personal communication, November 1991. The basic assumption is that 100,000 of the positions lost in the military will occur through involuntary separation; the rest, roughly 290,000, must occur by reducing -ens (i.e., not replacing positions lost by normal attrition). The projection that 41 percent of this group will be African American is based directly on Boesel's work

<sup>2</sup>Ibid.

<sup>3</sup>101st Congress, Senate Bill 3.

<sup>4</sup>P.L. 101-610.

bility (especially for minority veterans); a credentials effect; and preference in government hiring. The negative factors include the limited transferability of military training and loss of labor force experience and educational attainment compared with those who did not take time out to serve in the military.<sup>49</sup>

Some of the factors listed here, such as educational assistance and preferential hiring, reflect public policies to smooth the transition. Some of the negative factors, such as lost years of civilian work experience, are only temporary, and become less significant with each year of civilian work. The results of these studies tend to vary depending on how long the veteran cohort surveyed has been in the civilian workplace.

### *Skill Transfer*

Skill transfer is both a strong positive factor in postservice adjustment and a good predictor of postservice earnings.<sup>50</sup> Skill transfer, moreover, benefits society as well as the individual veteran. The exodus of skilled people from the services into the civilian economy could prove to be a genuine "peace dividend" at a time when skilled young workers are in short supply.

The question is, what proportion of veterans are able to transfer their skills to the civilian workplace? Various studies offer estimates ranging from 33 to 50 percent.<sup>51</sup> All of the evidence indicates that skill transfer rates are higher for AVF veterans than for earlier era veterans.<sup>52</sup> One explanation for this is that in the AVF, a soldier's field of training is much more likely to be in his or her field of interest and therefore is more likely to be pursued after military service. Also, earlier wartime veterans were more likely to have served in nontransferable combat roles.

It is probably too optimistic to assume that as many as one-half of military separates will be able to find civilian jobs in the fields for which the military trained them. Since a disproportionate

number of separates will come from the Army, with its lower rate of transferable skills, the rate of transfer will probably be lower than one-half. Many separated personnel could benefit from retraining or further education. However, for the majority, full-time education may not be feasible because of the need to earn a living.

### *How Recent Veterans Are Faring*

OTA interviews with providers of transition and employment assistance to veterans indicate that employment prospects depend largely on tenure, skills, and region. While opinions of the overall value of military training and experience varied, most agreed that the group facing the greatest difficulty are young enlisted separates--especially those having served in posts such as the infantry. These veterans find they have few skills they can list on a civilian resume. What the military has mainly taught them are attributes such as discipline and leadership, not job skills.<sup>53</sup> To find meaningful jobs, veterans in this category must sell employers on the idea that they are trainable and hard workers. Many local service providers said they were successful in getting veterans into apprenticeship programs, training provided by the EDWAA (Economic Dislocation and Worker Adjustment Assistance program) or on-the-job training. Overall, however, these young, less-skilled separates seem not to fare very well. Informal tracking of separates from Fort Dix, NJ, reveals that while most have found employment, their jobs are at low wages and provide little job satisfaction. OTA's interviews took place during the 1990-91 recession; job opportunities for these veterans may improve with economic revival.

Middle-range soldiers, those with 5 to 12 years service (especially officers), are in a relatively good position to make a transition to the civilian labor market. These are the people in whom private industry is showing the greatest interest.<sup>54</sup> The most senior ranks may have a harder time. Generally, more senior people go through longer job searches,

<sup>49</sup>Ibid.

<sup>50</sup>Richard V.L. Cooper, *Military Retirees' Post-Service Earnings and Employment* (Santa Monica, CA: Rand Corp., 1981). In this study, veterans able to transfer their military skills to the civilian economy are earning over \$2,000 per year more than veterans who could not.

<sup>51</sup>Mangum and Ball, *op. cit.*, attribute the difference to methodology. In their study, Mangum and Ball estimate the rate of transfer for veterans of the all volunteer force at 47.1 percent.

<sup>52</sup>Ibid.

<sup>53</sup>This point was raised by Charles Adimaro, Director of Army Continuing Education, Fort Dix (NJ), personal correspondence, November 1991.

<sup>54</sup>Janet Novak, "Back to Civvy Street," *Forbes*, vol. 147, No. 8, Apr. 15, 1991, pp. 130-131; and Lt. Gen. Edgar Chevarrie (USAF ret.), Chairman of Miltran Inc., personal communication June 5, 1991.

though they may in the end find satisfactory jobs. An oft-used rule of thumb is one additional month of search for each additional \$10,000-per-year in salary. Many senior people may not be able to enter civilian employment at the level they would like; they may have to take lesser paying, lower responsibility jobs than they had in the military.<sup>55</sup>

Regional differences are also apparent. In areas where the economy was relatively strong in 1991, such as northern California, providers of transition assistance are more positive about employment prospects than those in areas hit harder by the recession, such as Louisiana or New Jersey.

## PROGRAMS TO AID ADJUSTMENT

Adjustment from military to civilian life is more than a change of job; it is a change in lifestyle. For this reason, programs to aid the transition of military personnel deal with issues that are not considered in most industry transition programs. For some time the military has made spiritual, family, and continuing-education counseling available to separates. Only recently have the services begun to provide the sort of labor market assistance that many private industry employers offer their laid-off employees. Such programs were just beginning to be fully implemented by the end of 1991. Though it is too early to evaluate the quality of these programs, some preliminary observations are in order.

### *Basic Separation Benefits*

Basic separation benefits fall into two categories: those available to all veterans when they leave the services, and those specific to soldiers involuntarily separated due to downsizing. The general benefits include unemployment compensation, preferential treatment in government hiring, eligibility for certain government-sponsored work and training programs, home mortgage guarantees, and treatment in Veterans Administration health care facilities for health problems resulting from military service. The programs for which only involuntary separates are eligible include: separation pay, transitional health care benefits, and access to military commissaries and exchanges after separation.

Unemployment insurance (UI) is available to all separating nonretiring personnel. Military UI (dubbed UCX) is somewhat different from private sector UI in that veterans can receive the benefit regardless of whether they were involuntarily separated or chose to leave. Like private industry UI, UCX is administered through State Employment Services. UCX is available for 13 weeks anywhere in the country after a 2-week wait. It pays an average of \$170 per week (compared with an average of \$148 per week in private industry UI).<sup>56</sup> Proposals have been made in Congress to make UCX commensurate with civilian sector UI for members who are separated involuntarily (i.e., 26 weeks of benefit after a 1-week wait).

Many existing benefits for involuntarily separated members have been enhanced and expanded for an era of downsizing. Separation pay is now available to active duty enlisted personnel and officers with at least 6 years of service who are not eligible for retirement pay. After extensive delay, the services finally agreed on rules to implement the new law on separation pay. The payment is calculated as 10 percent of final base salary multiplied by the number of years of service. The maximum payout under this formula is \$86,936 for officers and \$53,402 for enlisted personnel.<sup>57</sup> On average, members separated in their third term of service will receive a separation benefit that is more than their yearly base salary.

Because almost all involuntary separations will involve either higher performance standards or application of existing but unenforced rules, the services have struggled to develop eligibility rules for transition benefits. For example, a soldier who is court-martialed and subsequently discharged is, in a sense, involuntarily separated but clearly should not be eligible for transition benefits. Eligibility for those discharged because of more rigorous enforcement of rules on physical fitness and sexual orientation is less clearcut. The solution developed for these gray area cases is to give separates one-half of the full benefit. Full benefits will be paid to those separated under tighter standards of performance, such as maximum time in grade.

---

<sup>55</sup>Lt. Gen. Edgar Chavarrie (USAF ret.), Chairman of Miltran Inc., personal communication, June 5, 1991.

<sup>56</sup>Department of Commerce, *Survey of Current Business* (Washington, DC: October 1991), p. S-13.

<sup>57</sup>Jim Tice, "Service Sets Separation Pay Rules," *The Army Times*, Aug. 5, 1991, p. 3.

Separation pay is in part compensation to service members for the loss of retirement benefits they would have received had they been able to serve 20 years. Generous severance pay is one benefit that most private sector employees, especially blue-collar workers, do not have. Severance pay, combined with UCX, may allow veterans to participate in longer term training than is usually feasible for private sector displaced workers.

Under the Defense Authorization Act of 1990, DoD is providing transitional health care to involuntary separates and their dependents. The insurance provides coverage of 60 days for service persons with less than 6 years' service, and 120 days for those with more than 6 years' service. Veterans can purchase an additional term at the group rate for up to 1 year from time of separation. The policy excludes most preexisting conditions at the time of separation, although conditions resulting from military service are covered by health care system of the Department of Veterans Affairs. While DoD found a private insurer to provide the extended health care benefit in fiscal year 1991, the insurer does not plan to continue the contract and it is unclear how the health insurance will be provided in fiscal year 1992.<sup>58</sup> DoD may be forced to provide the service through the already strapped Civilian Health and Medical program of the Uniformed Services (CHAMPUS) program.

Loss of access to subsidized food and consumer goods through the commissary and exchange is one obvious cost of separation from the military. In the past the armed forces did not allow separates continued use of the commissary and exchange, but the new law allows involuntarily separated veterans to remain eligible for 2 years. For a nominal rent, they may also stay in government housing up to 90 days after separation at the discretion of the base commander.<sup>59</sup> Relocation to place of choice will be paid for those involuntarily separated with more than 8 years' service. For those with less than 8 years' service, relocation compensation is limited to the place of enlistment or home-of-record.

## *Transition Assistance*

### DoD-Wide Programs

Early notice will be a major benefit to separating military personnel. All involuntarily separating service members will know the exact date of their separation at least 90 days before it occurs. Advance notice to workers laid off from private industry is highly variable, but usually briefer. The WARN (Worker Adjustment and Retraining Notification) law requires 60 days' notice of large layoffs, but there are many exceptions and loopholes in the law (see ch. 3). Most military personnel have never held a full-time job in the private sector and probably need more help with job search than laid-off industry workers, so 90 days' notice is especially helpful.

Because military transition is different from private sector transition, the Armed Services have set up their own programs, separate from the EDWAA program available to all displaced workers. For example, these programs will provide more information about non-local labor markets than EDWAA usually provides, since the majority of service members will move away from area where they are stationed.

DoD and the individual uniform military services have developed their own programs in conjunction with the Department of Labor (DOL) and the Department of Veterans Affairs (DVA). The main provider of basic job search skills training for military personnel is the Transition Assistance Program (TAP) run by DOL and available to all the military services. TAP is a 3-day seminar on job search skills, offered up to 180 days before separation and providing information on labor markets, job search skills, and career opportunities. The seminars are conducted on base by local State Employment Services (ES) personnel, usually local veterans employment representatives (LVERS) or disabled veterans outreach program (DVOP) staffers. Often DoD civilian personnel supplement these ES efforts; recently private contractors have also been called on. In fiscal year 1991, 169 ES personnel and 74 DoD civilians completed the TAP trainer's course. DoD and DOL have been slowly expanding the program, first targeting States whose ES offices have substantial resources and interest. By August 1991, DOL

<sup>58</sup>U.S. Congress, *Conference Report on the Defense Authorization Act for Fiscal Years 1992 and 1993*, Report 1-311, p. 5@.

<sup>59</sup>Defense Authorization Act of 1990, Public Law 101-510, Sm. 1147 (a).

had enlisted the ES in over 40 States, hypothetically covering 97 percent of the military forces (though participation rates by separates are significantly lower). DOL has budgeted \$4 million to administer the TAP program. However, this does not include the salaries of the service providers (which come from various sources, mainly the Employment Service and DoD).

TAP is modeled after a California program called the Career Awareness Program (CAP). CAP began in 1978 as a 4-hour seminar on job search skills for service members about to leave the military; the program ultimately grew to 3 days. Studies of CAP's effectiveness have shown that participants had shorter periods of unemployment following separation and earned higher starting wages than non-participants.<sup>60</sup> In 1991, the CAP program merged with TAP. California currently operates 17 of the 125 TAP sites nationwide.

The long experience of the California programs allows for some conclusions about problems that persist over time. The biggest issue is lack of human and financial resources. TAP providers believe they are reaching only about 20 percent of separates in California.<sup>61</sup> If the classes are made mandatory in all armed services, as they already have been in the Marine Corps, demands for TAP courses could far outstrip available resources.<sup>62</sup> Even in California, where LVERS and DVOP staffers are fairly plentiful, providers expressed doubt that ES personnel could meet the demand for TAP courses. One solution is greater collaboration between DoD civilian and State ES providers, as is already occurring in some parts of the country where the ES instructors teach part of each course and the DoD civilians another.

Another kind of transition service available to all the armed services will be skill certification. Beginning in early 1992, DoD plans to offer certifications to departing personnel that document the trade training the soldiers have received in the military, with a detailed transcript of all training and work experience. The certificate will indicate equivalent civilian job titles for all military occupational

specialties (MOS) listed. While the system should help describe exactly what a military person of a certain MOS is trained to do, and will prove to potential employers that veterans have had the training they claim, it is not a substitute for civilian certification or licensing requirements.

DoD has also developed a labor exchange called the Defense Outplacement Referral System (DORS) that began operating in November 1991. Separating service members fill out an information card, or "mini-resume," listing the type and location of job they are seeking and giving data on education and work experience. The information is pooled in the central office of the Defense Manpower Data Center, where potential employers can register and request mini-resumes of up to 25 separates. The resumes are selected in the order they are received, sent to the requesting employer, and then placed at the end of the list. The system costs soldiers nothing, but employers are charged for telephone calls to a "900" telephone number. Possibly the charge to employers may limit the program's appeal; however, DoD officials say it was designed to pay for itself and might not otherwise exist. One operational snag is that some commercial phone systems do not allow access to "900" telephone numbers, making use of the system difficult for some employers. Although most firms do not recruit employees by long-distance phone, the DORS system may help employers become more familiar with the kind of training the military provides.

#### Service-Run Transition Programs

The TAP program offers only one-time job search skills training, not the one-on-one counseling and continued access to job search materials and information that full-service displaced worker programs offer. These supplements and followup to TAP will be provided by the individual military services. The Defense Authorization Act of 1990 requires the Secretary of Defense to establish job search centers on military bases.<sup>63</sup> It appears that the quality and extent of offering at these centers may vary considerably among the branches of the armed forces. As of late 1991, the Army, facing the largest cut, had the

<sup>60</sup>The California Employment Development Department reports that duration of employment following separation for participants averages 30.5 days as opposed to 42.2 days for non-participants; starting wages average \$9.53 for participants and \$7.98 for non-participants (California Employment Development Department, "Career Awareness Program," leaflet, Sacramento, CA, 1991).

<sup>61</sup>Joseph D. Filardo, State TAP Coordinator, personal communication, Dec. 3, 1991.

<sup>62</sup>The Marine Corps has made TAP classes mandatory for all separating personnel in grade E-5 or below.

<sup>63</sup>Defense Authorization Act of 1990, Public Law 101-510, Sec. 502(a).

most sophisticated job search centers, while the Navy, facing the smallest cut, seemed to be further behind.

The Army Career and Alumni Program (ACAP) has general transition and continuing job search assistance components. General transition counseling is carried out by Army civilian personnel. This includes counseling on personal finances and relocation as well as referral to other on-base Army services, such as the Army continuing education centers and legal counseling. The job search assistance is being handled by an outside contractor at on-base centers. In addition to job search skills classes and counseling, the centers provide information on local labor markets, help in resume writing, and access to databases of employers who are not necessarily hiring but have expressed a willingness to hire veterans. The centers also offer a "cross-walk" between Army job classification (MOS) and civilian occupational titles, helping separates to find civilian jobs that use their military skills. Although the contractor-run centers do not offer full job placement services, they have information about job fairs and some private sector job listings, as well as access to Federal job openings and information on veterans' preferences in Federal hiring.

The Army plans to have a total of 61 ACAP centers, including 55 with job assistance centers, running by 1992. They will be located at major Army installations; smaller installations will use the nearest ACAP center or mobile services.<sup>64</sup> In base closures, the ACAP centers will be available to civilian as well as military personnel through the duration of the closure.

There have been a few institutional problems in the implementation of ACAP at the base level. For example, there has been some duplication in services provided by the job assistance centers and those provided by the TAP program. A recent agreement between DOL and the Army may straighten out the duplication. In other cases the contractor-run assistance centers have had problems in cooperating with the Army-run transition assistance offices, resulting in both gaps and overlaps in services. The Army is aware of these difficulties and is working to clarify the relationship between the ACAP's components,

One Army base, Fort Dix, NJ, has instituted a set of transition services in addition to ACAP. At Fort Dix, transition planning actually begins at the time of enlistment with a day-long seminar on continuing education and veterans benefits. Fort Dix has also developed a system of apprenticeships that allows separating personnel to work under civilian journeymen from the base's directorate for engineering and housing (see box 5-B). The program allows service people to gain some skills and to try out a job to see if they might like it in the civilian world.

The other military services are handling job search centers with in-house civilian personnel expanding on their existing family service centers. In the past, family service centers have focused their placement efforts on finding jobs for the spouses of service men and women. The Navy and the Air Force believe that this experience, combined with additional training, will enable family service center personnel to counsel separates effectively. The basic DOL-run TAP program is the same for all military services, and all will be using the DoD DORS database.

#### Problems in Delivering Services

Overall, the transition programs were slowed by the Gulf War. Transition policy went on hold for about 6 months while most separations, voluntary or involuntary, were halted altogether. Since the "stop loss" policy of holding personnel beyond the end of their service contracts was ended in June 1991, many service people have chosen to separate immediately. Thus, the TAP and other military-provided transition programs have been counseling separates much closer to their dates of separation than expected. This problem should dissipate as the pace and timing of separations return to normal levels.

One flaw that may persist is a lack of uniform practice in granting some of the transition benefits Congress has recently enacted. One such benefit is leave from duty to use transition assistance, a benefit that is expected to raise participation rates. While the Defense Authorization Act of 1990 provided a generous leave policy for those near their date of separation,<sup>65</sup> the policy is not applied *consistently* at the base and sub-base levels. Program operators report that some of the service members who use transition services are expected to make up time

<sup>64</sup>Department of the Army, *ACAP: Army Career and Alumni Program*, brochure (Washington, DC:1991).

<sup>65</sup>Defense Authorization Act of 1990, Public Law 101-510, Sec. 502(a).

### Box 5-B—Transition Assistance at Fort Dix, NJ

Besides the basic Army Career and Alumni Program and Transition Assistance Program transition services available at all major Army facilities, Fort Dix, NJ has established several other programs to meet the needs of its separatees.<sup>1</sup> Charles Adimaro, director of Army Continuing Education Services on the base, has led the effort to make smooth transition a priority at Fort Dix. Believing that soldiers need to start thinking about their futures well before they separate—in fact, at the onset of their military service—Adimaro setup a program known as “dough boy” orientation. New recruits are given information about education and career choices within weeks of their arrival at Fort Dix. This program helps soldiers plan their military careers, training, and education with an eye towards their eventual return to the civilian world.

The dough boy program is only part of what makes Fort Dix’s transition services unique. Besides being a major military training post, Fort Dix is also one of the main points of separation for soldiers returning from European stations. Many those returning from Europe are young soldiers seeing in infantry or other lower skill positions. Informal tracking of the experience of these separates in the civilian job market showed that many were earning less than \$10,000 a year and most were dissatisfied with their **employment situation**. To improve the separatees’ **chances of getting good civilian jobs**, Adimaro invited local community colleges to teach courses on base in fields such as welding and carpentry to soldiers within 6 months of separation. While these courses were popular and did provide training separates could use in civilian jobs, they were offered only at fixed intervals. That meant that separating soldiers who arrived after a cycle of courses had started were not eligible to participate.

Seeking an alternative to the fixed-schedule courses, Adimaro found a simple solution—apprenticeship on base.<sup>2</sup> The program dubbed “On Duty Job-Skills” allows soldiers who express an interest in a particular skill or trade to apprentice with civilian journeymen on the staff of the base’s directorate for engineering and housing (DEH). By all accounts this training enables the separating soldier to learn about a trade, provides a useful service to the military during the soldier’s last months of **service**, and allows the DEH to maintain a **large work load despite declining budgets**. Although the program is new, several success stories have already been reported including one of a soldier who was hired by the DEH after he separated.

In most cases, the skills **learned in a short apprenticeship probably are not enough for landing a good civilian job**. However, the experience may help soldiers choose career goals to pursue with further training and at least gives them a civilian-type work experience to put on their resume.

<sup>1</sup>Information for this box was provided by Charles Adimaro, Director Army Continuing Education, Fort Dix, NJ, personnel communication, November 1991; and Kimberly J. McLarin, “Suddenly, they’re Civilians: Where Does a Gunner Look for Work?,” *The Philadelphia Inquirer*, November 15, 1991, p. A-1.

<sup>2</sup>Apprenticeship while on active duty was tried during the Vietnam buildup. As part of Project Transition many soldiers participated in private industry job training during off hours. (Darwin W. Daicoff, “The Adjustment of DoD Civilian and Military Personnel” in Bernard Udis, eds., *The Economic Consequences of Reduced Defense Spending* (Lexington, MA: Lexington Books), p. 175.)

spent in the centers while others are given unconditional time off. Other recently provided transition benefits, such as reimbursement for relocation to places other than home-of-record and continued use of the commissary and exchange, are not fully understood or implemented at the base level.<sup>66</sup>

#### Other Employment Programs Available to Veterans

Veterans who have not found jobs by the time they are discharged can use the DOL’s programs of employment assistance. At ES offices throughout the United States, LVER and DVOP offer job counseling and related services. They serve as the

point of contact between newly separated veterans and other ES and DOL programs. Because they also serve as the main counselors in the TAP program, many of them will be familiar with job search skills training that service men and women received while still on active duty. Their presence in ES offices across the country allows veterans who have moved away from the area where they served to continue getting labor market assistance from a provider who “speaks the same language” they learned in the TAP program.

Veterans involuntarily separated from the military should also be eligible for reemployment and retraining services from the Economic Dislocation

<sup>66</sup>Grant White, “Lack of Regs Snags Separation Benefits,” *The Navy Times*, July 8, 1991, p. 3.

and Worker Adjustment Assistance (EDWAA) program, which serves displaced workers generally (see ch. 3). At this writing, DOL had not yet worked out with DoD a practical definition of “involuntarily separated” ex-service members who will be eligible for services, but intended to do so. There were reports, in fact, that some ex-service members were already being served in some local EDWAA projects.<sup>67</sup>

A number of private sector non-profit organizations are aiding in the transition of ex-service members. These include the various military alumni groups such as the Non-Commissioned Officers Association, the Association of the United States Army, the Air Force Association, and the Veterans’ of Foreign Wars, as well as nonmilitary organizations such as the American Association of Retired People. These organizations sponsor job fairs, offer access to job banks, and provide a potentially rich source of informal employment contacts. Some of them offer transition and benefit counseling. Another veterans’ organization, Disabled American Veterans, has written a series of three guides to finding civilian employment.

One private sector for-profit firm provides a mini-resume service, similar to the DORS system. It is free to service members and available to employers who subscribe to the Human Resources Information Network online database. The same firm also publishes job information targeted to service members in *The Miltran Guide to Career Opportunities*, available in many commissary and post exchanges for \$10 per issue. Copies are also available free to clients at some of the service-run job centers. The magazine reprints help wanted ads from newspapers nationwide, organizing the ads by occupational code and indexing them to MOS codes. Even though the ads are almost 3 weeks old by the time the magazine comes out, the publisher reports that over 70 percent of the positions are still open at the time of publication. Although answering help wanted ads is often an unrewarding way to apply for a job, at least it does collect information on the kinds of jobs available in various parts of the country.

### ***Educational Benefits: The Montgomery GI Bill***

For veterans without transferable skills, or for those who want to improve their skills, education, and training opportunities, the Montgomery GI Bill can contribute to civilian economic success. Although, the Montgomery GI bill is less generous than its World War II predecessor, it nevertheless offers a real educational opportunity not available to civilians. The present version of the GI Bill is optional and requires a contribution from the soldier’s pay. Over 70 percent of recruits opted to participate in the GI bill program in 1989 and an open season has been declared for all service members who are to be involuntarily separated and did not sign up at the time of their enlistment.

The GI Bill was originally conceived in 1943 by President Roosevelt’s Osborne Commission on veterans’ readjustment. The Commission’s report led to the Serviceman’s Readjustment Act of 1944—the GI Bill of Rights. After World War I, veterans had been given only a lump-sum cash bonus; the GI Bill undertook to make a real difference in the life chances of returning soldiers. It paid for all tuition, fees, books, and included a monthly stipend for 4 full years of schooling. In all 7.8 million veterans—just over half of those eligible—participated, receiving benefits that totaled about \$85 billion (1991 dollars).<sup>68</sup>

Since the original GI Bill, various educational benefit schemes for veterans have been employed. The post-Korean Conflict GI Bill provided benefits worth about \$20 billion (1991 dollars) to 2.4 million veterans (43 percent of eligible veterans). The Vietnam era GI Bill served 8.2 million veterans (61 percent of those eligible) at a cost of about \$6 billion (1991 dollars). Less generous than the World War II GI Bill, both plans generally required veterans to pay for part of their training or education. While the level of benefit declined from the original GI Bill to the Vietnam version, the level of participation actually increased.

When the AVF was established, planners recognized that educational benefits would be a good way to attract recruits. Under the Veterans’ Educational

<sup>67</sup>Information provided by Office of Work-Based Learning, Department of Labor.

<sup>68</sup>Estimates of constant dollar spending on the GI Bill programs given in this report inflate total current dollars spent over the life of each program as if it were all spent in the middle year of each program.

Assistance Program (VEAP), established in the early 1970s, the military offered to match \$2 for each \$1 the soldier invested in an education account, which could grow to a total value of \$8,100. In addition to the two-for-one matching, the services could also make additional contributions (“kickers”) to attract people with specific skills into the military. The account could be paid out over a maximum of 36 months of training (\$240 per month, assuming the maximum contribution of \$2,700 by the service member). This benefit, far less generous than any of the previous educational assistance programs, was not widely used. Only 20 percent of those eligible to sign up for the VEAP received training under the program.

Spearheaded by Rep. G.V. Montgomery, a new GI Bill passed the Congress in 1984. The Montgomery GI Bill (MGIB) requires participant contribution; enlistees must pay in \$100 per month for the first 12 months of a 3-year term of service. Far more generous than the VEAP, the MGIB provides an eight-to-one match of the participant’s contribution. In return for the \$1,200 investment in the MGIB, a serviceperson receives \$10,800 in educational benefit (\$300 per month spread over 36 months). A \$1,200 investment in the VEAP would have yielded only \$3,600 (\$100 per month). As in the VEAP, the services are allowed to add kickers to the monthly benefit to aid in recruiting or retention of soldiers possessing hard-to-find skills. The most generous kicker is the Army College Fund, which can bring the total MGIB benefit up to \$25,000. An additional package of veterans’ benefits, recently enacted in response to the Gulf War, further sweetens the Bill. The monthly benefit for veterans who served during the Gulf War was increased from \$300 per month to \$350 per month. This adjustment raises the total base benefit to \$12,600 or 10.5 to 1 matching by the services.<sup>69</sup> New law also established an open season that allows service men and women who are involuntarily separated a second chance to join the MGIB program. Their \$1,200 would be withheld over the remaining period of their service.

A great majority of service men and women sign up for the MGIB program. The current sign-up rate is even higher than the 71 percent the program averaged from 1985 through the end of fiscal year 1989.<sup>70</sup> Because soldiers must serve 3 years on active duty to be eligible for MGIB benefits, data on how veterans are using the benefit are only beginning to come in. Of the 101,781 people receiving MGIB benefits in fiscal year 1990, 93,630 (92 percent) were enrolled in institutions of higher learning, 5,920 (5.8 percent) were enrolled in resident schools other than college, 745 (0.7 percent) were enrolled in on-the-job training programs, and the remaining 1,486 were enrolled in unspecified programs.

Not all of the people receiving MGIB benefits were veterans; 26,488 (26 percent) were still on active duty. In some of these cases the MGIB benefit may be furthering a military career as opposed to facilitating a new civilian career. This could be an advantage to individuals as well as the military. If the acquired skill or education has value in the civilian labor market, the veteran could move directly into the work force with no time out for training. However, if the skill is not in demand outside the military, then the veteran has no post-service job advantage, and no postservice education benefit either. It is a hopeful sign that 92 percent of MGIB benefit recipients are enrolled in college, since college education generally makes people more marketable for civilian jobs.<sup>71</sup> It is discouraging that despite the overwhelming sign-up rate for the GI Bill, only about 12 percent of those eligible to receive benefits under the program have yet done so. As one official put it, “If a program that pays out as much as \$12 dollars on every dollar paid in is making money for the government something is wrong.” While no one is sure why so few veterans have used their GI Bill benefits, two factors are often noted. First, most departing soldiers (including young separates) leave the military with a spouse, and many have children. Having to provide for the immediate needs of their families may preclude full-time training or education. Second, many soldiers do not get adequate counseling about how their

<sup>69</sup>Persian Gulf Conflict Supplemental Authorization and Personnel Benefits Act of 1991, Public Law 102-25, Sec. 337(@)(3).

<sup>70</sup>Mary F. Smith, Library of Congress, Congressional Research Service, “Veteran’ Educational Assistance Programs,” Feb. 2, 1990.

<sup>71</sup>While no data are available on the use of veterans benefits and the duration of displacement following separation, in a recent study of Vietnam and early AVF soldiers, Angrist found that the use of veterans’ education benefits increased their earnings by an average of about 6 percent and that most of the increase was attributable to veterans who used their benefit to attend college or graduate school. (Joshua Angrist, “The Effect of Veterans’ Benefits on Veterans’ Education and Earnings,” unpublished discussion paper No. 1520, Harvard University, Cambridge, MA, October 1990.)

benefit can be used. Transition services should alleviate this problem.

### *Soldiers as Teachers*

A special educational option is the New Careers in Teaching initiative, started in 1986 and planned for expansion during the next few years as part of DoD's overall transition assistance program. The idea is to train service people for teaching careers when they leave the military. So far the program has been modest. One of the larger programs is currently operated by the Navy in Washington, DC. By 1990, 48 service members had started training and 28 were teaching.<sup>72</sup> Because a college degree is a requirement for entering the program, officers are most likely to qualify, although some senior enlisted personnel have participated. Because the starting salaries for teachers are low and the duration of the training is fairly long, this maybe a better option for retirees than for separated officers and senior enlisted personnel.

## IN CONCLUSION

Military personnel are in a better position to make the transition into the civilian economy than they have been in previous build-downs. The current large peacetime military has more billets with civilian job counterparts than any wartime force since World War II. In general, the troops are above the median in educational attainment and aptitude. Another advantage for separating military personnel is an array of transition programs, which if fully implemented are richer than those available to dislocated defense industry employees. Military

personnel also have more notice of separation, which gives them more time to plan for their transition and adequate opportunity to use transition services before they leave the military. The variety of education, retraining, jobs search instruction, and post-service government assistance programs, combined with severance payments and unemployment benefits, should allow most separates a reasonably good chance of a smooth transition to the civilian economy—assuming the economy pulls out of the 1990-91 recession soon. Another caveat is that these programs are not yet in full operation. What remains to be seen is if the quality of staffing and commitment at the base level will carry out the potential of these programs. Assuming commitment on the part of the services to make transition programs work, dislocation of involuntarily separated military personnel should be small compared to dislocation in defense industries.

The greatest social costs of the military drawdown may not be to those who are involuntarily separated but to those who will never be eligible to serve under more restrictive enlistment standards. While policies to aid the roughly 100,000 service members who will be involuntarily separated through 1995 are well developed, programs to replace the lost opportunity of military service to roughly 290,000 young men and women who will not be able to enlist are lacking. Box 5-A discusses a program that might serve that purpose. Obviously, the armed services should not be maintained at their current size simply to provide a vehicle for social integration, but the fact remains that it has been just that for many people over the last 20 years.

---

<sup>72</sup>Robert MacDonald and Martha Brownie, "Career Transition Into Training: A Model Alternative Teacher Training Program," in *Technical Talent From the Military and Industry* (Washington, DC: National Executive Service Corps, May 1990).