

DOCUMENT RESUME

ED 198 348

CE 028 053

TITLE Educational Incentives and the All-Volunteer Force. Hearing before the Committee on Veterans' Affairs, United States Senate, Ninety-Sixth Congress, Second Session on S. 2020, S. 2596 and Related Bills.

INSTITUTION Congress of the U.S., Washington, D.C. Senate Committee on Veteran's Affairs.

PUB DATE 19 Jun 80

NOTE 200p.: Not available in paper copy due to small print.

EDRS PRICE MF01 Plus Postage. PC Not Available from EDRS.

DESCRIPTORS Adult Education; Adults; *Armed Forces; *Educational Legislation; *Federal Legislation; Financial Support; Hearings; Higher Education; *Incentives; Military Personnel; Military Service; Motivation; Motivation Techniques; Needs Assessment; Policy Formation; Position Papers; Postsecondary Education; Public Policy; Recruitment; *Veterans Education; *Volunteers

IDENTIFIERS All Volunteer Armed Forces; Congress 96th

ABSTRACT

These congressional hearings contain testimony pertinent to S. 2020 (the proposed Armed Forces Earned Educational Assistance Act of 1980). (These bills would establish new programs of educational assistance benefits for those serving in the All-Volunteer Forces.) Testimony and written statements given by twenty-seven individuals and panels are included. The following organizations are among those represented at the hearings: The United States Senate; The Department of Defense; The Office of the Assistant Secretary for Manpower, Reserve Affairs, and Logistics; The Department of the Army; The Veteran's Administration; The Air Force Sergeants Association; The National Association for Unified Services; Northwestern University; The Non-Commissioned Officers Association; The American Veterans' Committee; The Fleet Reserve Association; The Veterans of Foreign Wars; The American Legion; and the Disabled American Veterans. Texts of S. 2020 and S. 2596 are provided. (MN)

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EDUCATIONAL INCENTIVES AND THE ALL-VOLUNTEER FORCE

HEARING BEFORE THE COMMITTEE ON VETERANS' AFFAIRS UNITED STATES SENATE NINETY-SIXTH CONGRESS

SECOND SESSION

ON

S. 2020, S. 2596 and Related Bills

—————
JUNE 19, 1980
—————

Printed for the use of the Committee on Veterans' Affairs



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EDUCATIONAL INCENTIVES AND THE ALL-VOLUNTEER FORCE

THURSDAY, JUNE 19, 1980

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The committee met, pursuant to notice, at 10:08 a.m., in room 412, Russell Office Building, Hon. Alan Cranston (chairman) presiding.

Present: Senators Alan Cranston, Alan K. Simpson, and Richard (Dick) Stone.

OPENING STATEMENT OF HON. ALAN CRANSTON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Chairman CRANSTON. The hearing will please come to order. In view of the lateness caused by the situations on the floor, I will not proceed with my opening statement at this point but will insert it into the record.

I apologize to those of you who have been waiting. I am very sorry that we had to have this delay.

[The prepared statement of Hon. Alan Cranston follows:]

OPENING STATEMENT OF HON. ALAN CRANSTON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Good morning and welcome to this hearing of the Committee on Veterans' Affairs on S. 2020, the proposed "Armed Forces Earned Educational Assistance Act" and S. 2596, the proposed "Veterans Education Assistance Act of 1980", both of which would establish new programs of educational assistance benefits for those serving in the All-Volunteer Force. In addition to those two legislative proposals, this hearing will include oversight of educational benefits administered by the VA which are available to those now serving in the Armed Forces and other issues related to educational incentives for the All-Volunteer Force.

When the post-Vietnam Era Veterans' Educational Assistance Program—or, as it is popularly known, VEAP—was enacted in 1976, it was designed, in part, to provide the armed services with an educational incentive to promote recruitment into the All-Volunteer Force, replacing the current GI Bill. Enactment of VEAP was an attempt to achieve a reasonable balance between those who sought termination of GI Bill benefits completely for persons entering the service after the end of the Vietnam era and those who supported continuation of the Vietnam-era GI Bill without alteration.

Although VEAP is still in a stage of relative infancy, it is appropriate to review its impact—or lack of impact—as a recruitment, retention, and readjustment device. In the course of this review, we will be focusing on the need to make modifications and adjustments in the VEAP authority which might enhance its value to the military. We will also consider whether some new initiative—such as that proposed by S. 2020 or S. 2596—might be better suited to the recruitment and retention needs in today's military. Another alternative—and the one towards which I am presently inclined—would be to select certain features from these bills and from title IX of H.R. 6974, the proposed "Department of Defense Authorization Act for Fiscal Year

1981", which passed the House on May 21, 1980, and include them in the VEAP authority for a trial period.

In addition, since some individuals now serving in the Armed Forces have eligibility for the current GI Bill, we will be looking at certain elements of present chapter 34 of title 38 that may have an adverse effect on recruitment and retention—particularly the level of benefits for in-service pursuit of a program of education and the 1989 cut-off of eligibility for benefits.

I am deeply committed to the preservation of the All-Volunteer Force. In that regard, I believe that educational incentives can play an important role in attracting well-qualified young men and women to the service of our country.

This hearing will assess the extent to which we can develop effective educational incentives to advance the goal of our Nation's military preparedness.

We have many witnesses this morning and there is a great deal to cover in a limited amount of time. Thus, I would appreciate each witness' cooperation in keeping his or her oral presentation as brief as possible so that we can devote considerable time to questions.

[The text of the bills, S. 2020 and S. 2596, previously referred to, and the agency reports thereon follow:]

96TH CONGRESS
1ST SESSION

S. 2020

To amend title 10, United States Code, to provide expanded opportunities for individuals to earn education benefits based on honorable active service in the armed forces, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 16 (legislative day, NOVEMBER 15), 1979

Mr. COHEN introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

A BILL

To amend title 10, United States Code, to provide expanded opportunities for individuals to earn education benefits based on honorable active service in the armed forces, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Armed Forces Earned
4 Educational Assistance Act".

5 SEC. 2. (a) Title 10, United States Code, is amended by
6 inserting after chapter 106 the following new chapter:

1 **"CHAPTER 107—ARMED FORCES EARNED**
2 **EDUCATIONAL ASSISTANCE PROGRAM**

"Sec.

"2141. Purpose.

"2142. Definitions.

"2143. Eligibility and entitlement.

"2144. Duration; limitations.

"2145. Applicability of certain provisions of title 38.

"2146. Reporting requirements.

3 **"§ 2141. Purpose**

4 "The purpose of this chapter is to demonstrate that edu-
5 cational benefits provided as inducement will exact honorable
6 service among armed forces enlistees, and that this induce-
7 ment will reduce first term attrition among volunteers and
8 foster retention in both the regular and reserve components
9 of the armed forces. The program is designed to provide
10 benefit to both the military service and the individual
11 volunteer.

12 **"§ 2142. Definitions**

13 "In this chapter:

14 "(1) 'Eligible member' means any person who—

15 "(A) enlists or reenlists in the armed forces
16 on or after the date of the enactment of this
17 chapter;

18 "(B) serves on active duty in fulfillment of
19 such enlistment or reenlistment and is discharged
20 or released therefrom under honorable conditions;
21 and

1 “(C) had, at the time of such enlistment or
2 reenlistment, a high school diploma (or equivalent,
3 as determined by the Secretary of Defense);

4 “(2) ‘Active duty’ does not include any period
5 during which a person—

6 “(A) is assigned full time by the armed
7 forces to a civilian institution for a course of edu-
8 cation which was substantially the same as estab-
9 lished courses offered to civilians;

10 “(B) serves as a cadet or midshipman at one
11 of the service academies; or

12 “(C) serves under the provisions of section
13 511(d) of this title pursuant to an enlistment in
14 the Army National Guard, or as a Reserve for
15 service in the Army Reserve, Naval Reserve, Air
16 Force Reserve, Marine Corps Reserve, or Coast
17 Guard Reserve.

18 “(3) ‘Critical military skill’ means any combat-re-
19 lated occupational skill or other skill which the Secre-
20 tary concerned designates as critical.

21 “(4) ‘Noncritical skill’ means any skill not desig-
22 nated as a critical military skill.

23 “(5) ‘Secretary’ means the Secretary of a military
24 department or the Secretary of Transportation in the

1 case of the Coast Guard when it is not operating as a
2 service in the Navy.

3 **“§ 2143. Eligibility and entitlement**

4 “(a) Each person who enlists or reenlists for the first
5 time in the armed forces after the date of the enactment of
6 this chapter for a period of two or more years, and at the
7 time of such enlistment or reenlistment is designated as a
8 person with a critical military skill, shall be entitled to educa-
9 tional assistance under this chapter as follows:

10 “(1) At the end of the first twenty-four months of
11 active duty, such person shall be entitled to eighteen
12 months of educational assistance (or the equivalent
13 thereof in part-time educational assistance).

14 “(2) For active duty performed during the third
15 twelve-month period of active duty, such person shall
16 be entitled to one-half month of educational assistance
17 (or the equivalent thereof in part-time educational as-
18 sistance for each one month of active duty).

19 “(3) For active duty performed during the fourth
20 twelve-month period of active duty, such person shall
21 be entitled to one month of educational assistance (or
22 the equivalent thereof in part-time educational assist-
23 ance) for each month of active duty.

24 “(b) Each person who enlists or reenlists for the first
25 time in the armed forces after the date of the enactment of

1 this chapter for a period of two years, and at the time of
2 enlistment or reenlistment is designated as a person with a
3 noncritical skill, shall be entitled to twelve months of educa-
4 tional assistance (or equivalent thereof in part-time educa-
5 tional assistance) upon completion of two years of active
6 duty. Such person may acquire additional educational assist-
7 ance benefits at the rate of one month of educational assist-
8 ance for each two months of active duty.

9 “(c) An eligible member may become entitled to a maxi-
10 mum of thirty-six months of educational assistance under this
11 chapter (or the equivalent thereof in part-time educational
12 assistance).

13 “(d) No educational assistance shall be afforded to any
14 member who fails to complete the first two years of such
15 enlistment or reenlistment under honorable conditions.

16 “(e) Except as otherwise provided in this chapter, the
17 Administrator of Veterans' Affairs shall pay to each eligible
18 member who is pursuing a program of education under this
19 chapter an educational assistance allowance in the same
20 amount, for the same purpose, and under the same circum-
21 stances as would be paid if such member were pursuing a
22 program of education under chapter 34 of title 38.

1 **“§ 2144. Duration; limitations**

2 “(a) No educational assistance shall be afforded an eligi-
3 ble person under this chapter beyond the date of ten years
4 after such person’s last discharge from active duty.

5 “(b) Members who have established basic eligibility
6 under subsection (a) or (b) of section 2143 of this title may be
7 allowed benefits under section 2143(e) of this title while con-
8 tinuing on active duty.

9 “(c) No service other than active duty as described in
10 section 2142(2) of this title may be considered in computing
11 benefits under sections 2143 (a) and (b) of this title.

12 **“§ 2145. Applicability of certain provisions of title 38**

13 “The provisions of sections 1670, 1671, 1673, 1674,
14 1676, and 1686, and of chapter 36, of title 38 (except sec-
15 tions 1777, 1780(c), and 1787) shall be applicable to the edu-
16 cational assistance provided under this chapter.

17 **“§ 2146. Reporting requirements**

18 “(a) The Administrator of Veterans’ Affairs and the
19 Secretary of Defense shall, within ninety days after the date
20 of the enactment of this chapter, submit to Congress a joint
21 report containing their respective plans for the implementa-
22 tion of this chapter.

23 “(b) The Secretary of Defense shall report to the Con-
24 gress semianually on the operation of the program provided
25 for in this chapter. Such report shall include—

1 “(1) the number of original enlistments and the
2 number of first reenlistments during the preceding six-
3 month period;

4 “(2) the retention and attrition rates during such
5 period; and

6 “(3) a comparison of the enlistment, reenlistment,
7 retention, and attrition rates during such period with
8 those for comparable periods in the preceding five
9 years.”.

10 (b) The tables of chapters at the beginning of subtitle A,
11 and at the beginning of part III of subtitle A, title 10,
12 United States Code, are each amended by inserting after the
13 item relating to chapter 106 the following new item:

 “107. Armed Forces Earned Educational Assistance Program..... 2141”.

14 SEC. 3. Section 269 of title 10, United States Code, is
15 amended by adding at the end thereof the following new
16 subsection:

17 “(h)(1) Notwithstanding any other provision of this sec-
18 tion, except as provided in paragraph (2) and under such reg-
19 ulations as the Secretary concerned may prescribe any per-
20 son who, on or after the date of the enactment of this subsec-
21 tion, enlists for the first time in the armed forces may, at the
22 discretion of the Secretary concerned, be released from active
23 duty, placed in the Selected Reserve, and required to serve in
24 such Selected Reserve for a period which, when added to the

1 period of active duty served under such enlistment, equals
2 four years. Upon completion of the term for which such per-
3 son is required to serve in the Selected Reserve, such person
4 shall, upon request, be transferred to the Ready Reserve and
5 serve as a member thereof for such period as may be required
6 by law or regulation. Any such person who serves on active
7 duty under such enlistment for a period of four or more years
8 shall, upon release, be placed in the Ready Reserve and
9 serve as a member thereof for such period, if any, as may be
10 required by law or regulation.

11 “(2) Notwithstanding any other provision of this section,
12 any person who, on or after the date of enactment of this
13 section, reenlists in the armed forces for the first time and
14 such reenlistment is for a period of two years or more may,
15 at the discretion of the Secretary concerned, be released or
16 discharged and, if such person has not completed the required
17 reserve obligation, be placed in the Ready Reserve and serve
18 in such Ready Reserve for such period as may be necessary
19 to complete his or her reserve obligation.”.

20 SEC. 4. (a) The amendments made by this Act shall
21 take effect on October 1, 1980.

22 (b) Appropriations and expenditures under the program
23 provided for in the amendments made by section 2 of this Act
24 shall be considered to be functions of the Department of De-
25 fense for budget purposes rather than functions of the Veter-
26 ans' Administration.

[No. 49]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., June 18, 1980.

HON. ALAN CRANSTON,
*Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to your request for a report by the Veterans' Administration on S. 2020, 96th Congress, a bill "To amend title 10, United States Code, to provide expanded opportunities for individuals to earn education benefits based on honorable active service in the armed forces, and for other purposes."

The proposed legislation would establish a new educational assistance program designed to induce enlistments and reduce attrition rates in the Armed Forces. Although the Veterans' Administration would administer the program, appropriations and expenditures would be functions of the Department of Defense. The proposed program would operate concurrently with the Post-Vietnam Era Veterans' Educational Assistance Program established by Public Law No. 94-502, effective January 1, 1977.

The bill would grant a maximum of 36 months of entitlement to educational assistance to those persons enlisting or reenlisting for the first time on or after October 1, 1980. There is no requirement that the servicemember contribute moneys in order to participate in the program, as is the case under the current Post-Vietnam Era Veterans' Educational Assistance Program. The amount of monthly benefits under this new program would be the same as that provided eligible veterans pursuing programs of education under chapter 34 of title 38 (the GI Bill). Maximum entitlement would be earned at differing rates, depending on whether the servicemember has been designated as having a critical military skill. If the individual has such a skill, 18 months of entitlement would be earned at the end of the first 24 months of active duty; 6 additional months of entitlement would be earned during the third 12-month period of active duty; and 12 more months of entitlement would be earned during the fourth 12-month period of active duty. If the servicemember has a noncritical skill, 12 months of entitlement would be earned upon completing 2 years of active duty, with additional entitlement accruing at the rate of 1 month for each 2 months of active duty.

An individual qualifying for benefits under the bill may utilize entitlement while remaining on active duty, or he or she may choose to utilize it after discharge. The individual would be required to use the benefits no later than 10 years after discharge or lose them.

S. 2020 would mark a policy departure in that it would provide a new noncontributory GI Bill for peacetime service in an all-volunteer military in contrast to the prior GI Bills intended to benefit war veterans and those subject to the military draft.

In establishing the Post-Vietnam Era Veterans' Educational Assistance Program (VEAP) in Public Law No. 94-502, the Congress provided that it would operate as a 5-year pilot program beginning Jan-

uary 1, 1977. The Congress also provided that the President was to submit a report by June 1, 1981, if the program were to be open for new enrollments beyond December 31, 1981.

The Veterans' Administration has been and is now actively evaluating the effectiveness of the VEAP program and is considering possible modifications of it. Early studies have indicated certain problems about the program in its present form. The most recent statistics available to us show that cumulative overall participation through calendar year 1979 stands at 25.1 percent. These figures also show that, while 201,723 individuals have participated in the program, 65,228 (32.2 percent) have terminated their participation. Of this number, 34,822 (17 percent) have requested refunds of their contributions. Additional information reveals that, through December 1979, 470 individuals have received benefits under the program—representing two-tenths of one percent of the total participants. Additional participation is expected as service members complete their first enlistments.

On February 9, 1980, the Department of Defense submitted to the House Committee on Armed Services a report entitled "Educational Incentives Study." This report reflects the concern by the Department of Defense about the VEAP program as presently constituted. Possible improvements in the program are also being examined by the Department of Defense.

In view of the ongoing studies of the VEAP program by both the Veterans' Administration and the Defense Department, we believe it is premature at this time to enact any new education program for service personnel. There are many factors including the future of the Armed Forces, the compensation structure of the Armed Forces, and budgetary concerns, which should be considered before any legislative action is taken in this area. We recommend, therefore, that the Congress defer any new education program until such time as we have completed our studies and the President has made decisions about the current program. This will allow a thorough examination of the specific objectives of the program, which agency(ies) should bear the cost and administration, how it relates to other educational assistance programs, and finally, how it will fit into the fiscal year 1982 budget to be submitted in January.

Turning to the specifics of S. 2020, we note a number of significant departures from previous GI Bill programs which require serious study and consideration by Congress and the executive branch. For example, under S. 2020 we observe that an eligible member must have been discharged or released from active duty "under honorable conditions." This departs from the three most recent educational assistance programs administered by the Veterans' Administration (Korean conflict, post-Korean conflict and Vietnam era, and post-Vietnam era), which have all defined eligible veterans differently, that is "discharged or released therefrom under conditions other than dishonorable."

As mentioned earlier, the proposed bill provides that, for those persons with a "critical military skill," the first block of entitlement would accrue "at the end of the first twenty-four months of active duty." For those with a "noncritical military skill," the first block of entitlement would accrue "upon completion of two years of active duty."

These requirements also depart from prior educational assistance programs which have set considerably lesser periods of active duty as a condition of eligibility (90 days for Korean conflict veterans and 181 days for post-Korean conflict and Vietnam-era, and post-Vietnam-era veterans). Finally, we would add that Government policy has traditionally provided that there be no discrimination among veterans of the same era based upon place or theater of service. We believe that Congress should consider any policy change in this area very thoroughly.

Several questions concerning drafting and interpretation are presented by S. 2020. For example, under section 2142 of the bill, an "eligible member" is defined as "any person who—(A.) enlists or reenlists in the armed forces on or after the date of enactment of this chapter. . . ." The section dealing with eligibility and entitlement (section 2143) makes reference to persons enlisting or reenlisting for the first time in the Armed Forces after the date of enactment of the chapter. If the purpose of the bill is to restrict eligibility to those servicemembers who first enlist or reenlist after the enactment date, we believe the inconsistencies between sections 2142 and 2143 should be clarified.

Another condition of eligibility under the proposed new chapter, contained in section 2142(1)(B), is that the individual serve on active duty "in fulfillment of such enlistment or reenlistment." Recent educational assistance programs have required only service on active duty for a specified period of time. Service "in fulfillment of" an enlistment or reenlistment may present difficulties of interpretation. For example, the phrase could be construed as requiring the servicemember to remain within his or her military occupational specialty (MOS) for the duration of the enlistment period. The phrase might also be interpreted as requiring the servicemember to remain, and perform duty in that MOS, for the full enlistment period. These problems of interpretation, together with the critical-noncritical skill distinction, could lead to administrative problems.

We note that section 2143 of the bill provides that the initial block of entitlement will come "[a]t the end of the first twenty-four months of active duty" for persons with a critical skill, and "upon completion of two years of active duty" for those with a noncritical skill. The rationale for these differences in language is not readily apparent. Additional amounts of entitlement accrue during subsequent periods of active duty. For example, a person with a critical skill would accrue additional entitlement during the third year of active duty at the rate of one-half month for each month of active duty and, during the fourth year of active duty, each month of active duty would bring one additional month of entitlement. Persons with a noncritical skill who serve on active duty beyond 2 years would earn additional entitlement at the rate of 1 month for each 2 months of active duty, up to a maximum of 36 months of entitlement. It would appear that the incentive to remain in service would decline somewhat after the initial block of entitlement is accrued. It further appears that requiring a servicemember to complete 2 full years of active duty "in fulfillment of" his or her enlistment to attain eligibility for educational benefits may have the unintended effect of discouraging such person from reenlisting before having served those 2 years.

Section 2143(e) of the proposed bill states that eligible members pursuing a program of education under the new chapter would receive educational assistance in the same amount as would be paid if such member were pursuing a program under chapter 34 of title 38. The following section provides that members having basic eligibility may be allowed benefits under section 2143(e) while continuing on active duty.

Currently, servicemembers with basic chapter 34 eligibility are permitted to receive educational benefits while pursuing a program on active duty. However, 38 U.S.C. § 1682(b) limits such benefits to the person's tuition and fees. The reason for this limitation is that chapter 34 benefits for those not in service are designed to include subsistence amounts. Where the individual's subsistence is already being provided by the military, providing the full subsistence rate would appear to amount to a duplication of benefits. Absent a compelling rationale to the contrary, we believe it appropriate that section 2144(b) specify that the rate of benefits for those in service would be limited in the same manner as is now done by 38 U.S.C. § 1682(b).

Although section 2145 of the proposal does not list provisions of chapter 34 which relate to flight, correspondence, and on-the-job training and tutorial assistance, the language of section 2143(e) states that the Administrator "shall pay to each eligible member who is pursuing a program of education under this chapter an educational assistance allowance . . . under the same circumstances as would be paid if such member were pursuing a program of education under chapter 34 of title 38." This, we believe, might be interpreted as permitting payment for pursuit of these types of training. Thus, we would suggest that either section 2145 be clarified to include the above-cited benefits (if it is intended they are to be included) or to provide that the section be made exclusive, permitting only the enumerated sections of chapters 34 and 36 to be applicable.

The cost of this measure would be borne by the Department of Defense. We have been advised that the Department has not as yet formulated its cost estimate on this measure. It is clear that, since the Veterans' Administration would be required to administer the program and pay the benefits, we would incur a substantial amount of administrative expense. Since we have not been advised of the Department's basic estimate, we are unable at this time to formulate the administrative expense. Rather than delay this report to your Committee, we are forwarding it to you without this cost estimate.

For the reasons set forth above, the Veterans' Administration opposes the enactment of S. 2020.

We have been advised by the Office of Management and Budget that there is no objection to the submission of this report to your Committee from the standpoint of the Administration's program.

Sincerely,

MAX CLELAND,
Administrator.

96TH CONGRESS
2D SESSION

S. 2596

To amend title 38, United States Code, to provide a new educational assistance program for persons who enlist, reenlist, or otherwise enter the Armed Forces after December 31, 1980, to provide for the cancellation of certain education loans in the case of individuals who perform service in the Selected Reserve of the Ready Reserve of an Armed Force, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 22 (legislative day, JANUARY 3), 1980

Mr. ARMSTRONG introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

A BILL

To amend title 38, United States Code, to provide a new educational assistance program for persons who enlist, reenlist, or otherwise enter the Armed Forces after December 31, 1980, to provide for the cancellation of certain education loans in the case of individuals who perform service in the Selected Reserve of the Ready Reserve of an Armed Force, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*
 3 That this Act may be cited as the "Veterans' Education As-
 4 sistance Act of 1980".

1 NEW EDUCATIONAL ASSISTANCE PROGRAM FOR VETERANS

2 SEC. 2. (a) Title 38, United States Code, is amended by
3 adding after chapter 32 the following new chapter:

4 **“Chapter 33—Peacetime Veterans’ Educational Assistance**
5 **Program**

“Sec.

“1645. Definitions.

“1646. Eligibility; entitlement.

“1647. Time limitations for completing a program of education.

“1648. Educational assistance; subsistence allowance.

“1649. Program requirements.

6 **“§ 1645. Definitions**

7 “For the purposes of this chapter—

8 “(1)(A) The term ‘eligible veteran’ means any veteran
9 who (i) entered military service after September 30, 1980,
10 served on active duty for a period of 2 years or more after
11 such date, and was discharged or released therefrom under
12 conditions other than dishonorable, or (ii) entered military
13 service after September 30, 1980, and was discharged or re-
14 leased from active duty after such date for a service-connect-
15 ed disability.

16 “(B) The requirement of discharge or release, prescribed
17 in subparagraph (A), shall be waived in the case of any
18 person who has completed his or her period of obligated
19 active duty (which began after September 30, 1980) or 6
20 years of active duty (which began after September 30, 1980),
21 whichever period is less.

1 “(C) For the purposes of subparagraphs (A) and (B), the
2 term ‘active duty’ does not include any period during which
3 an individual (i) was assigned full time by the Armed Forces
4 to a civilian institution for a course of education which was
5 substantially the same as established courses offered to civil-
6 ians, (ii) served as a cadet or midshipman at one of the serv-
7 ice academies, or (iii) served under the provisions of section
8 511(d) of title 10 pursuant to an enlistment in the Army Na-
9 tional Guard or the Air National Guard, or as a Reserve for
10 service in the Army Reserve, Naval Reserve, Air Force Re-
11 serve, Marine Corps Reserve, or Coast Guard Reserve.

12 “(2) The terms ‘program of education’ and ‘educational
13 institution’ shall have the same meaning ascribed to them in
14 subsections (b) and (c), respectively, of section 1652 of this
15 title.

16 “§ 1646. Eligibility; entitlement

17 “(a) Except as otherwise provided in this section, each
18 eligible veteran shall be entitled to educational assistance
19 under this chapter for a period of 36 months (or the equiva-
20 lent thereof in part-time educational assistance).

21 “(b) Whenever the period of entitlement under this sec-
22 tion of an eligible veteran who is enrolled in an educational
23 institution regularly operated on the quarter or semester
24 system ends during a quarter or semester, such period shall
25 be extended to the termination of such unexpired quarter or

1 semester. In educational institutions not operated on the
2 quarter or semester system, whenever the period of eligibility
3 ends after a major portion of the course is completed such
4 period shall be extended to the end of the course or for 12
5 weeks, whichever is the lesser period.

6 “(c) Any enlisted member of the Armed Forces eligible
7 for educational assistance under this chapter shall be eligible
8 to participate in the Predischarge Education Program
9 (PREP), authorized by subchapter VI of chapter 34 of this
10 title, during the last 6 months of such member’s first enlist-
11 ment.

12 “(d) Eligible veterans under this chapter shall be eligible
13 for education loans authorized by subchapter III of chapter
14 36 of this title in such amounts and on the same terms and
15 conditions as provided in such subchapter, except that the
16 term ‘eligible veteran’ as used in such subchapter shall be
17 deemed to include ‘eligible veteran’ as defined in this chapter.

18 “(e) Except as provided in subsection (b) and in sub-
19 chapters V and VI of chapter 34 of this title, no eligible
20 veteran shall receive educational assistance under this chap-
21 ter in excess of 36 months.

22 **“§ 1647. Time limitations for completing a program of**
23 **education**

24 “(a) No educational assistance shall be afforded an eligi-
25 ble veteran under this chapter beyond the date 10 years after

1 the veteran's last discharge or release from active duty after
2 September 30, 1980; except that, in the case of any eligible
3 veteran who was prevented from initiating or completing
4 such veteran's chosen program of education within such time
5 period because of a physical or mental disability which was
6 not the result of such veteran's own willful misconduct, such
7 veteran shall, upon application, be granted an extension of
8 the applicable delimiting period for such length of time as the
9 Administrator determines, from the evidence, that such vet-
10 eran was prevented from initiating or completing such pro-
11 gram of education.

12 “(b) In the case of any eligible veteran who has been
13 prevented, as determined by the Administrator, from com-
14 pleting a program of education under this chapter within the
15 period prescribed by subsection (a), because the veteran had
16 not met the nature of discharge requirements of this chapter
17 before a change, correction, or modification of a discharge or
18 dismissal made pursuant to section 1553 of title 10, the cor-
19 rection of the military records of the proper service depart-
20 ment under section 1552 of title 10, or other corrective
21 action by competent authority, then the 10-year delimiting
22 period shall run from the date the veteran's discharge or dis-
23 missal was changed, corrected, or modified.

24 “(c) In the case of any eligible veteran (1) who became
25 eligible for educational assistance under the provisions of this

1 chapter, and (2) who, subsequent to the veteran's last dis-
2 charge or release from active duty, was captured and held as
3 a prisoner of war by a foreign government or power, there
4 shall be excluded, in computing the veteran's 10-year period
5 of eligibility for educational assistance, any period during
6 which the veteran was so detained and any period immedi-
7 ately following the veteran's release from such detention
8 during which the veteran was hospitalized at a military, civil-
9 ian, or Veterans' Administration medical facility.

10 **"§ 1648. Educational assistance; subsistence allowance**

11 “(a) The Administrator shall pay, in the case of each
12 eligible veteran pursuing a program of education under this
13 chapter, the cost of such veteran's tuition and fees or \$3,000
14 per school year (or an appropriate portion thereof, as deter-
15 mined under regulations which the Administrator shall pre-
16 scribe, in the case of an eligible veteran pursuing a program
17 of education on a part-time basis), whichever is less.

18 “(b) The Administrator shall pay to each eligible veter-
19 an pursuing a program of education under this chapter a sub-
20 sistence allowance of \$300 per month (or an appropriate por-
21 tion thereof, as determined under regulations which the Ad-
22 ministrator shall prescribe, in the case of an eligible veteran
23 pursuing a program of education on a part-time basis), except
24 that an eligible veteran pursuing a program of education

1 while serving on active duty shall not be eligible for a sub-
2 sistence allowance under this chapter.

3 **“§ 1649. Program requirements**

4 “The provisions of sections 1670, 1671, 1673, 1674,
5 1677, 1681(c), 1683, 1696, and 1698 of this title and the
6 provisions of chapter 36 of this title shall be applicable to the
7 educational assistance program provided for in this chapter.”.

8 (b) The table of chapters at the beginning of such title
9 and at the beginning of part III of such title are each amend-
10 ed by adding below the item relating to chapter 32 the fol-
11 lowing new item:

“33. Peacetime Veterans’ Educational Assistance Program.”.

12 (c) Chapter 32 of title 38, United States Code, relating
13 to the post-Vietnam era veterans’ educational assistance pro-
14 gram, is amended by adding at the end thereof the following
15 new section:

16 **“§ 1644. Termination of program**

17 “No person who enters the military service after Sep-
18 tember 30, 1980, and who is eligible to earn educational as-
19 sistence entitlement under chapter 33 of this title shall be
20 eligible to participate in the program provided for in this
21 chapter after such date, and no person who entered the mili-
22 tary service before such date shall be eligible to participate in
23 such program after September 30, 1982. The preceding sen-
24 tence shall not be construed to deny benefit payments under

1 this chapter to any eligible veteran who was a participant
2 before the applicable termination date specified in the preced-
3 ing sentence.”.

4 (d) Clause (4) of section 1795 of title 38, United States
5 Code, relating to limitation on period of assistance under two
6 or more programs, is amended by inserting “33,” after
7 “chapters 31,”.

[No. 50]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,

Washington, D.C., June 18, 1980.

HON. ALAN CRANSTON,

Chairman, Committee on Veterans' Affairs, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for a report by the Veterans' Administration on S. 2596, 96th Congress, a bill "To amend title 38, United States Code, to provide a new educational assistance program for persons who enlist, reenlist, or otherwise enter the Armed forces after December 31, 1980, to provide for cancellation of certain education loans in the case of individuals who perform service in the Selected Reserve of the Ready Reserve of an Armed Force, and for other purposes."

The proposed legislation would establish a new educational assistance program to be administered by the Veterans' Administration for individuals enlisting after September 30, 1980. Although a "purpose" section does not appear in the bill, its apparent purpose is to induce enlistments and reduce attrition rates in the Armed Forces. The proposed new program would essentially replace the current Post-Vietnam Era Veterans' Educational Assistance Program (chapter 32 of title 38, United States Code), since it would bar eligibility under that program for those entering service after September 30, 1980. S. 2596 would mark a policy departure in that it would provide a new noncontributory GI Bill for peacetime service in an all-volunteer military in contrast to previous GI Bills intended to benefit war veterans and those subject to the military draft.

Many of the provisions contained in the bill are patterned after existing law contained either in chapter 34 (the GI Bill) or chapter 32 (the contributory program).

To be eligible under the new program, an individual would simply be required to enter service after September 30, 1980, and either be discharged or released therefrom after 2 years under conditions other than dishonorable or be discharged or released after such date for a service-connected disability. In addition, an individual may qualify for educational benefits without being discharged or released from active duty if the individual has completed his or her period of obligated duty (which began after September 30, 1980) or 6 years of active duty, whichever period is less.

The bill would grant eligible veterans educational assistance benefits for a period of up to 36 months (or longer, for certain veterans in training at the time their entitlement is exhausted). The individual would be required to use his or her educational benefits no later than 10 years after final discharge or release from active duty, with limited extensions of the eligibility period for those disabled, held as prisoners of war, or prevented from completing a program of education due to failure to meet discharge requirements during the basic eligibility period.

In establishing the Post-Vietnam Era Veterans' Educational Assistance Program (VEAP) in Public Law No. 94-502, the Congress

provided that it would operate as a 5-year pilot program beginning January 1, 1977. The President must submit a report to the Congress before June 1, 1981, if the program is to continue to be open for new enrollments beyond December 31, 1981.

The Veterans' Administration has been and is now actively evaluating the effectiveness of the VEAP program and is considering possible modifications of it. Early studies have indicated certain problems about the VEAP program in its present form. The most recent statistics available to us show that overall participation through calendar year 1979 stands at 25.1 percent. These figures also show that while 201,723 individuals have participated in the program, 65,228 (32.3 percent) have terminated their participation. Of this number, 34,822 (17 percent) have requested refunds of their contributions. Additional information reveals that, through December 1979, 470 individuals have received benefits under the program—representing $\frac{2}{10}$ of 1 percent of the total participants. Additional participation is expected as servicemembers complete their first enlistment.

On February 9, 1980, the Department of Defense submitted to the House Committee on Armed Services a report entitled "Educational Incentives Study." This report reflects the concern by the Defense Department about the VEAP program as presently constituted. Possible improvements in the program are also being examined by the Department of Defense.

In view of the ongoing studies of the VEAP program by both the Veterans' Administration and the Defense Department, we believe it is premature at this time to enact any new education program for service personnel. There are many factors including the future of the Armed Forces, the comprehensive structure of the military, and budgetary concerns which should be considered before any legislative action is taken in this area. We recommend, therefore, that the Congress defer any actions until such time as we have completed our studies and the President has made his decisions about the current program. This will allow a thorough examination of the specific objectives of the program, which agency (ies) should bear the cost and administration, how it relates to other educational assistance programs, and finally, how it will fit into the fiscal year 1982 budget to be submitted in January.

Turning to the specific provisions of S. 2596, as noted earlier, we find many eligibility and entitlement provisions are drawn from the chapter 32 and 34 educational assistance programs. Other provisions represent significant departures from previous GI Bill programs which require serious study and consideration by Congress and the executive branch. For example, basic eligibility under S. 2596 would essentially require service on active duty for at least 2 years. This would represent a departure from prior programs administered by the VA for veterans of the Korean conflict and later periods. In the case of Korean conflict veterans, basic eligibility for educational benefits was granted for 90 or more days of active duty. For veterans of the post-Korean conflict, Vietnam and post-Vietnam eras, basic eligibility is granted for 181 or more days of active duty.

Provisions governing the payment of educational assistance (to be made by the VA) are set forth in the proposed new section 1648 of title 38. Basically, each eligible veteran pursuing full-time training

would receive a subsistence allowance of \$300 per month. In addition, the VA would pay the veteran's tuition and fees or \$3,000 per school year, whichever is less. If the eligible veteran is still on active duty, no subsistence allowance would be paid.

We are seriously concerned that a new tuition assistance program could bring a return to the problems and abuses experienced with the tuition assistance program established with the World War II GI Bill. At that time, overcharges were made by schools for tuition. Following that unfortunate experience, Congress has consistently avoided the World War II model and instead provided a direct uniform assistance payment to veterans in the Korean conflict, Vietnam era, and post-Vietnam era GI Bills.

Proposed section 1646(c) would create a Predischarge Education Program (PREP) for enlisted servicemembers to be used during the last 6 months of their first enlistment. The Veterans' Administration and the Defense Department jointly support legislation passed by the House and Senate (H.R. 5288) which would terminate PREP under the chapter 32 contributory educational assistance program. The military services now operate inservice education programs, ranging from vocational training to graduate work. Thus, we believe the continued need for PREP is no longer apparent and we would oppose its inclusion in any new program.

Proposed section 1649 would provide educational assistance benefits for pursuit of flight and correspondence training. Our studies, along with those performed by the General Accounting Office, persuaded us that neither program has attained its intended goal, and both have served as avocational and recreational programs for many individuals, contrary to the intent of Congress in providing benefits for such programs. We have, therefore, proposed legislation to terminate both programs and we would object to their inclusion here.

We wish to point out two technical errors in the title of S. 2596. First, the title mentions providing a new educational assistance program for persons entering the Armed Forces after December 31, 1980. The proposed bill, however, uses September 30, 1980, as the key date. Second, although the title mentions cancellation of certain education loans for certain reservists, the bill does not contain any such provision.

It is estimated that enactment of S. 2596 would result in additional direct benefits cost in fiscal year 1981 of \$8.1 million and in additional direct benefits cost over the first 5 fiscal years of \$1.1 billion. The additional administrative cost for fiscal year 1981 is estimated at \$146,000 and at \$19 million over the first 5 fiscal years. A detailed breakdown of these estimated costs, together with trainees, follows:

[Dollar amounts in thousands]

Fiscal years	Trainees	Direct benefits cost	Man-years	Administrative cost
1981.....	3,000	\$8,100	5	\$146
1982.....	9,400	26,400	16	654
1983.....	37,800	109,700	63	2,150
1984.....	114,900	324,400	188	5,475
1985.....	217,700	641,100	361	10,649
Total.....	1,109,700	1,107,700	633	19,074

For the reasons set forth above, the Veterans' Administration opposes the enactment of S. 2596.

We have been advised by the Office of Management and Budget that there was no objection to the submission of this report to your Committee from the standpoint of the Administration's program.

Sincerely,

MAX CLELAND,
Administrator.

Chairman CRANSTON. Senator Armstrong, I recognize you and Senator Cohen. We welcome you to the committee.

**TESTIMONY OF HON. WILLIAM L. ARMSTRONG, A U.S.
SENATOR FROM THE STATE OF COLORADO**

Senator ARMSTRONG. Thank you so very much. I am delighted to be here, and I am grateful to you as I am sure my colleague Bill is for giving us an opportunity to chat with you and the committee about this issue.

I have had a chance to review your opening statement. I want to make one observation before moving to my own statement. The very essence of why I am interested in the GI bill in large part responds to the concern you have expressed about the All-Volunteer Army.

It seems to me your perspective is the perspective many of us have in mind when we suggest ways to improve the numbers and quality of military personnel through voluntary means—that we recognize that is the alternative to a conscription army. I want to congratulate you on your concern, and I appreciate it.

Chairman CRANSTON. Thank you very much. I know that is a shared concern.

Senator ARMSTRONG. Mr. Chairman, if it is appropriate, I would like to also be sensitive to the time situation this morning.

Chairman CRANSTON. Very appropriate.

Senator ARMSTRONG. I would like to put my statement in the record and summarize it briefly then for the benefit of those who appear.

Chairman CRANSTON. That would be very helpful.

Senator ARMSTRONG. I am joined this morning in presenting this bill, my bill, S. 2596, by 11 of our colleagues—Henry Bellmon, Rudy Boschwitz, David Durenberger, Barry Goldwater, Sam Hayakawa, Roger Jepsen, Paul Laxalt, Pat Leahy, George McGovern, and Pat Moynihan. If I may put my statement in the record, let me sum it up in this way.

We are all aware, I am sure this committee is well aware of the drastic decline in the quality of personnel entering the Armed Forces, in all services, but especially the Army. We are now seeing not only a decline in numbers, but also a quality decline which has caused the rewriting of military tech manuals downward from the 10th and 11th grade reading level to the 7th, 8th, and 9th grade reading levels, and even then we are experiencing great difficulty in making the training stick, according to some Army surveys. We have seen instances where people are trained 1 week and the next

week an inspector will come back and find that the training simply did not take.

Obviously as the weapons systems and tactics become more and more complex, this is an increasing concern, especially when you consider that a tank driver today is operating a more complicated and vastly more expensive piece of equipment today than the airplane pilot of World War II, so the quality of personnel is terribly important.

I am convinced that the most effective thing we can do to bring in a steady stream of high quality recruits is to restore GI bill benefits along the lines and of the same magnitude and scope that we had in World War II.

In my judgment, the GI bill turned out to be the most effective recruitment device we have ever had, and the proof is documented in the material which I have presented in my written statement and which will be elaborated on by Professor Moskos—surveys which show that the recruits themselves identify GI bill benefits as the motivating factor to bring them into the Volunteer Army.

When the Army announced on October 20, 1976, that GI bill benefits would be terminated, they experienced the greatest surge of volunteer enlistments for that last quarter then we have seen at any time during peacetime.

The projections of what would happen after the termination of the GI bill benefits were quite gloomy. The Army predicted at that time that there would be a serious dropoff in the number of recruits they would get and that this drop would be unacceptable.

In fact, their pessimistic expectation of recruiting and attrition has turned out to be exceeded in every way. The problem has been even worse than they anticipated. Other services report similar although less drastic experiences.

The 1979 study by the Center for Naval Analysis estimated termination of the GI bill has resulted in a 17-percent loss in total enlistments in the Marine Corps and a 24-percent decrease in high school graduate enlistments. The Air Force and Navy report continued declines in enlistments in the higher mental categories, and an increasing difficulty in bringing in college eligible personnel.

The service chiefs have concluded that the best way to repair this damage would be through reintroduction of a GI bill benefit.

Mr. Chairman, at this time I would like to submit for the committee's study and record four letters which speak to the question of how the services themselves feel about this kind of an approach—first, from General Jones I would like to just quote one paragraph because it is in a sense representative of everything that has been brought to my attention about the need for GI bill benefits.

General Jones says, and I quote:

I personally fully support the concept of providing cost free educational assistance to all members of the Armed Forces who serve honorably and who are fulfilling their military obligation through active duty or reserve components of military service. I further believe that a properly conceived and carefully implemented GI bill would be an important recruiting and retention incentive.

He goes on at some length and I would like to submit that for the record.

May I also submit for the record a letter from General Aitken in which he also endorses on behalf of the Marine Corps the concept of a GI bill benefit as an aid to recruitment and retention.

If I may, I would like to submit a letter from General Meyer in which he expresses in his opinion the belief that, again, if I may just quote: "A new GI bill should be a tangible reward for those who served their country." And it goes on to spell out some of his own ideas about how that could be implemented and endorses the concept, and finally a letter from Admiral Hayward in which he says, and let me again just quote briefly:

I strongly endorse the concept of offering educational benefits to young men and women in the Armed Forces as incentives to take up a military career.

If I could, Mr. Chairman, I would like to ask that that information be copied into the record of the committee.

Chairman CRANSTON. It will be.

[The letters referred to by Senator Armstrong follow:]



THE JOINT CHIEFS OF STAFF
WASHINGTON, D.C. 20301

18 June 1980 JUN 18 PM 5:19

Honorable William L. Armstrong
United States Senate
Washington, D. C. 20510

Dear Senator Armstrong

I appreciate the opportunity to provide an input for your deliberations on the desirability of reinstating G.I. education benefits.

The details of S.2596 or other such proposals have not yet been carefully reviewed by the Joint Chiefs of Staff. Nonetheless, the Chiefs are on record in support of a noncontributory education program for members of the Armed Forces as a mechanism to assist in meeting manpower requirements.

I personally fully support the concept of providing cost free educational assistance to all members of the Armed Forces who serve honorably and who are fulfilling their military obligation through active duty -- or reserve component -- military service. I further believe that a properly conceived and carefully implemented G.I. Bill would be an important recruiting and retention incentive.

This type of legislation, now more than ever, should fill a variety of needs -- tangible reward for honorable service -- support both active and reserve recruiting -- promote retention. For example, I recommend appropriate accommodation for service in the reserve components and provisions for eligible service members to transfer unused benefits to their dependents.

David C. Jones
DAVID C. JONES, General, USAF
Chairman, Joint Chiefs of Staff



DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
WASHINGTON, D.C. 20380

IN REPLY REFER TO
MPP-37-msh
1300
17 JUN 1980

The Honorable William L. Armstrong
United States Senate
Washington, D.C. 20510

Dear Senator Armstrong:

The Commandant has requested that I reply to your letter and take this occasion to express our appreciation for allowing us the opportunity to provide you with the Marine Corps' views on the desirability of reinstating G.I. Bill education benefits as well as recommendations on the provisions of such legislation.

The Marine Corps views the enactment of G.I. Bill education benefits as a positive step which would significantly enhance the attractiveness of military service. While such a program could be of great assistance to our recruiting effort, we envision that the need exists to also provide for retention incentives. It is within this perspective that we propose that such legislation include the following provisions:

- Receipt of benefits be tied to honorable service.
- Entitlements be tied to length of enlistment by providing 1 academic year (9 months) for each year of service through the fourth year, at which time full entitlements would be earned.
- Honorable service concluded prior to the end of the fourth year would entitle the service member to that portion of the benefits he earned, as determined by that period of service in excess of one year.
- Education benefits include the eligibility to register for VA-approved vocational schooling, community college, college or university.
- Eligibility to receive benefits continue for a minimum of 10 years after termination of active service.
- That officers be included in the provisions of the proposed G.I. Bill.
- In order to enhance retention it is recommended that such a program include a provision which would provide for either a cash settlement equivalent to some portion of the earned benefits (60%) or for additional educational assistance entitlement equal to that entitlement earned during an initial enlistment,


MPP-37-msh
5800
17 JUN 1980

if reenlistment is for four years or more. This additional entitlement could be transferred to a dependent of choice, not to include subsistence allowances.

- Funding and administration be accomplished by the Veterans Administration.

I trust that the foregoing information will be of assistance to you during the upcoming hearings. If there is any way that I may be of further assistance to you in this matter please do not hesitate to call on me.

Sincerely,



H. S. AITKEN

Brigadier General, U. S. Marine Corps
Director, Manpower Plans and Policy Division
By direction of the Commandant of the Marine Corps

UNITED STATES ARMY
THE CHIEF OF STAFF

18 June 1980

Dear Senator Armstrong:

It is a pleasure to respond to your letter of 13 June 1980 in which you solicited my views and guidance concerning the provisions that a new GI Bill should contain.

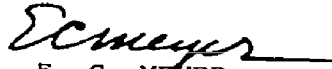
It is my belief that a new GI Bill should be a tangible reward for those who serve their country. The legislation for a Servicemembers Education Benefits Bill should be more than an enlistment incentive, encouraging completion of initial enlistments and also acting as a retention factor. I, therefore, believe that the following elements should be included in a new bill:

- (1) Benefits should be funded and administered by the Veterans Administration as a reward for honorable military service.
- (2) Entitlement should be earned on a basis of one and one half months of education for each month of military service up to a maximum of 36 months (four 9 month school years).
- (3) Benefits should be paid at a rate comparable to those available under the World War II version of the GI Bill and include provisions for the payment of tuition for attendance at a postsecondary VA approved institution plus a monthly living allowance. The amounts should be adjusted annually to reflect cost of living increases.
- (4) In-service use authorized for part-time use after one year of service and deducted from the total entitlement.
- (5) Service Secretaries to have the flexibility to add to the \$400 monthly allowance as an incentive for the filling of positions and retention of personnel in shortage area specialties and hard to fill geographical assignments, etc.
- (6) After 15 years of service, the military member would be permitted to transfer an amount equal to the total portion of his or her unused benefit to each dependent under 23 years of age. This multiplier effect would be a key retention feature.
- (7) Selected Reserve and National Guard personnel should receive education benefits at half the rate of active duty personnel.

(8) The delimiting date for existing Chapter 34 and future benefits should be ten years from the servicemember's final separation from service.

If there is any other information you desire concerning my views, in preparation for the 19 June hearing, please do not hesitate to contact me.

Sincerely,



E. C. MEYER
General, United States Army
Chief of Staff

Honorable William L. Armstrong
United States Senate
Washington, DC 20510



DEPARTMENT OF THE AIR FORCE
OFFICE OF THE CHIEF OF STAFF
UNITED STATES AIR FORCE
WASHINGTON, D. C. 20330

18 JUN 1980

Honorable William L. Armstrong
United States Senate
Washington, D.C. 20510

Dear Senator Armstrong

The Air Force fully supports the concept of providing educational entitlements for individuals who serve their country faithfully. We are convinced that the Veterans Educational Assistance Program (VEAP), after some three and one-half years of operation, has not proved to be an effective recruiting device. Furthermore, it fails to encourage members to pursue a full Air Force career. A more comprehensive program is needed to attract and more importantly to retain our skilled, highly trained personnel. The Air Force is currently developing a legislative proposal toward that end.

I would propose that such an educational incentive program specifically address the retention issue. It should provide for a non-contributory educational entitlement for both officer and enlisted personnel based on a two-tiered concept. While providing incentive for enlistment and commissioning, the stipends involved should be weighted to provide a substantial inducement for a full military career. The program should be based on honorable service and be available for in-service use.

We believe an important feature in an educational incentive program would be the transferability of unused accrued benefits to dependents at the mid-career point. We also recommend that the program be administered and funded by the Veterans Administration rather than requiring the DOD to replicate an already existing capability within the former agency.

Finally, members should be entitled without regard to specific career field in recognition of the fact that categorization of critical/shortage skills requirements is subject to continuous change and all members contribute to the accomplishment of the Air Force Mission. In this latter regard, we urge that the current delimiting date (December 1989) for the existing GI Bill be extended to 10 years after the servicemember's separation.

The net effect of such a proposal would be to provide young people with an attractive incentive to enlist in the service of their choice while also providing tangible inducement for many to pursue a full career in the service of their country.

Thank you for your interest and support.

Sincerely



LEW ALLEN, JR., General, USAF
Chief of Staff



CHIEF OF NAVAL OPERATIONS

18 June 1980

Dear Senator Armstrong,

I welcome the opportunity to give my views on the desirability of reinstating G. I. Bill education benefits and to indicate the features I would prefer to see in a legislative package.

I strongly endorse the concept of offering educational benefits to young men and women in the Armed Forces as incentives to take up a military career. Circumstances have changed significantly since the old G. I. Bill was enacted over thirty years ago. The old G. I. Bill was designed to provide education as compensation for draft induced service. Changes in life patterns were forced upon the individuals involved. Few inductees came into the Service with career expectations or decided subsequently to make the Service a career. In short, the old G. I. Bill was not an incentive to remain in the Service; it was a reward for imposed service, and that is not our need today. We need career oriented people, not a short term, high turnover force.

The G. I. Bill of the 80's should significantly broaden educational opportunities from those currently available, particularly for our enlisted people. We already have graduate education programs for officers that enhance their value to the Navy. We need to increase the numbers involved and, even more importantly, provide a significant opportunity for our enlisted personnel to expand their educational level while in the Service. Many of them require technical and managerial education above the high school level to equip them to perform their jobs well. We need this type of educated individual in progressively greater numbers to operate and maintain with high competence the sophisticated weapons systems of tomorrow in an unsettled world.

In short, I would like to see an educational incentive package which clearly encourages enlistment in the sense that it provides a tangible opportunity

to fulfill long term ambitions while remaining on active duty; we must be careful to avoid creating incentives to leave the Service. I believe that a clear message needs to be sent from the Congress and the Department of Defense to our Nation's youth that shows that service in the military is more than a stepping stone. Military service itself is a fulfilling and personally productive career, and that is the point we must get across.

I greatly appreciate your giving me the opportunity to express these views and applaud your strong interest and effective action in strengthening our military posture.

Sincerely,



T. B. HAYWARD
Admiral, U. S. Navy

Senator William L. Armstrong
United States Senate
Washington, D. C. 20510

Senator ARMSTRONG. Now if I may just take a few moments to discuss the specific bill which I have introduced along with 11 of my colleagues, S. 2596 is a bill which was inspired by Prof. Charles Moskos of Northwestern University. I am sure that the committee is well aware of his distinction as a military sociologist.

I became interested in this when he testified before the Budget Committee because of all the people who were commenting before the Budget Committee on ways to make the volunteer service work, he made more sense than anybody, so I am particularly pleased that he is here this morning to share his expertise with the committee.

The specifics of the bill which I have introduced are the following: Under my proposal, a serviceman or woman who enlists or reenlists subsequent to October 1, 1980, and completes 2 or more years of service earns entitlement benefits of 100 percent of tuition and fees at an accredited junior college, college, or university, up to a maximum of \$3,000 per year, for a maximum of 4 academic years, plus a subsistence allowance of \$300 per month while enrolled in the accredited college or university for up to 36 months.

This will not be an inexpensive program. However, measured against what we are now spending for military costs as well as what we are now spending to provide educational benefits to college-aid young people, it is relatively speaking a modest program.

There would be no cost during the first 2 fiscal years. If fully implemented, according to the estimates which we are working with, it would cost \$200 million in the third year, and at the end of 6 years, a maximum of something around \$800 million.

While I stress this is obviously not an insignificant amount, compared to the magnitude of the personnel problem in the services it is in my opinion a well-justified expenditure.

When you take into account the fact that we are already spending about \$7 billion a year for education benefits for young people, it is also a relatively modest amount in comparison with that, so Mr. Chairman, that in brief is the proposal which I would ask the committee to consider.

I am satisfied in my own mind after talking not only to many Senators and a lot of service people but also many young people who would be directly affected by this kind of incentive that it offers a very good opportunity to improve both the quality and numbers of young people coming into the service.

Chairman CRANSTON. Thank you very, very much. I want to stress that I am deeply committed to the preservation of the All-Volunteer Army. I will take every conceivable step I can to assure its preservation, and I believe that educational incentives are a very important part and should contribute in that effort.

I am very glad that you have come before us to state your position. We are anxious to work with all those who share this viewpoint and I would hope that the two of you could help coordinate whatever efforts go on between the Armed Services Committee and this committee. That would be a very important part and ingredient of any success that we might achieve.

I look forward to working with you, each of you, in that respect.

Senator ARMSTRONG. Thank you very much.

Chairman CRANSTON. Thank you very, very much. You have given us some important ideas.

[The prepared statement of Senator William L. Armstrong and other related materials follow:]

PREPARED STATEMENT OF HON. WILLIAM L. ARMSTRONG, A U.S. SENATOR FROM THE STATE OF
COLORADO

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

Thank you for giving me this opportunity to appear before you. And thank you most of all for holding this hearing. I regard it as a significant step toward a solution to the military manpower problems that are so gravely weakening the defenses of our country.

All of us are aware of our severe, and worsening, military manpower problems. Despite the fact that our active forces are smaller in number than at any time since 1950, last year, for the first time, all of the services failed to attain their recruiting goals.

Along with the decline in numbers of volunteers, there has been an even more disturbing decline in aptitude. The number of high school graduates has declined, and an increasing proportion of the high school graduates who are recruited come from the bottom half of their classes. Army manuals recently have been rewritten downward to 8th, and even 7th, grade levels, and still commanders report many soldiers have difficulty understanding them. This is a most serious development in our modern, technology-oriented armed forces, where the corporal who commands a tank has control over a more complicated piece of machinery than the aircraft college graduates flew during World War II.

If we wish to insure the effectiveness of our Armed Forces during this time of rising world tension, we must take decisive action now to improve both the numbers, and the aptitude, of the young men and women who are entering the Armed Forces.

The most effective, and the most cost-effective, means of doing this is to reinstate G.I. Bill education benefits on something approaching the scale of the World War II G.I. Bill.

The World War II and successor G.I. Bills have proven to be the most successful social programs ever instituted by the U.S. Government, returning to the Treasury in tax revenues several times their cost as a result of increased earnings by veterans who otherwise would not have been able to afford to continue their education.

More important, the G.I. Bill has proven to be perhaps the most successful recruiting device the Armed Services have ever had.

Graphic proof of this important truth was provided by a survey the Army conducted in September of 1974 of 11,336 recruits at Armed Forces Entrance Examining Stations (AFEES) throughout the United States. Twenty four per cent of those interviewed said flatly they would not have enlisted had there been no G.I. Bill. An additional 36 per cent said they weren't certain whether or not they would have enlisted if they had not been made eligible for education benefits.

After factoring out the indifferents, the Army concluded that terminating the G.I. Bill -- which Congress did in December, 1976 -- could depress the pool of potential recruits by as much as 36.7 per cent.

That wasn't all. In its March, 1975 report to the Secretary of Defense, the Army said terminating the G.I. Bill would require a 17 per cent increase in annual accessions just to offset the increased losses due to attrition as a result of drawing a disproportionate number of recruits from the lower mental categories.

Further proof of the drawing power of the G.I. Bill in attracting exactly the kind of men and women we require in the Armed Forces today has been provided by the recruiting experiences of the Armed Forces in the three months preceding the termination of eligibility for benefits under the Vietnam era G.I. Bill.

On October 20, 1976, it was announced that the G.I. Bill would not apply to those enlisting after December 31. Approximately 100,000 men and women joined the uniformed services during that period, just about double the normal first term enlistment for the fourth quarter of the year. A far greater proportion of volunteers in that quarter were in the higher mental categories than in any other quarter of that year or subsequent years.

Unfortunately, the Army's gloomy projections about what would happen to recruiting if the G.I. Bill were terminated have proven to be unduly optimistic. Army enlistments in the highest mental category have dropped by nearly two-thirds since 1976, and the number of enlistees in the second highest mental category has plunged by more than half. The rate of attrition in the Army has come nearer 40 per cent than the 18 per cent rate the Army predicted Congress would find "unacceptable."

The other Services report similar, although less drastic, experiences. A 1979 study by the Center for Naval Analysis estimated that termination of the G.I. Bill has resulted in a 17 per cent loss in total enlistments in the Marine Corps, and a 24 per cent decrease in high school graduate enlistments. The Air Force and the Navy report continued declines in enlistments in the higher mental categories, and increasing difficulty in interesting college-eligible high school graduates in military service.

The Service chiefs have concluded, as I have concluded, that the best way to repair the damage done by termination of the G.I. Bill is to reinstate the G.I. Bill. I would like to insert in the record at this time letters from the Chief of Naval Operations, Admiral Hayward; the Chief of Staff of the Air Force, General Allen, and the Commandant of the Marine Corps, General Barrow, which express their deep interest and concern in enactment of a new G.I. Bill. The Army is, of course, the Service most interested in enactment of a new G.I. Bill. But there are Army witnesses here to testify for themselves. I won't presume to put words into their mouths.

One thing is clear: properly tailored educational incentives almost certainly would bring into the Armed Forces at least 50,000 high aptitude recruits each year, enough to offset present recruiting shortfalls, and to replace 15,000 - 20,000 volunteers from the lowest mental category with volunteers from the highest categories.

On April 22, I introduced the G.I. Bill of 1980, one of two G.I. Bill proposals currently pending before this Committee. I am pleased to announce that I have subsequently been joined in sponsoring this important legislation by Senators Goldwater, Leahy, McGovern, Moynihan, Bellmon and Durenberger.

S. 2596, the G.I. Bill of 1980, derives its inspiration from Professor Charles Moskos of Northwestern University. I have described Professor Moskos as a prominent military sociologist. The description does not do him justice. The truth is that Professor Moskos, along with his occasional collaborator, Professor Morris Janowitz of the University of Chicago, know more than any other men living about the sociology of the young men and women who make up the All Volunteer Force today. Not content to base his conclusions on the basis of statistics pored over in the privacy of his study, Dr. Moskos has formed the conclusions he will present

to this Committee today on his experiences living, working, eating and tromping through the bush with our soldiers, sailors, and airmen. He knows firsthand whereof he speaks.

The G.I. Bill of 1980 differs in some particulars from the proposal Professor Moskos presented to a Hoover Institute symposium last December, but contains the same basic elements:

Under the G.I. Bill of 1980, a serviceman or woman who enlists, or re-enlists on, or subsequent to, October 1, 1980, and who completes two or more years of honorable service, would earn entitlement to benefits of:

-- 100 per cent of tuition and fees at an accredited junior college, college or university, to a maximum of \$3,000 a year, for a maximum of four academic years, and

-- a subsistence allowance of \$300 per month while enrolled in an accredited college or university, for a maximum of 36 months.

Because two years of honorable service would have to be performed before a serviceman or woman could become eligible for benefits, there would be no cost for S. 2596 in the 1981 or 1982 fiscal years. The program would not rise to its full cost until FY 1986, the first year in which four classes could be in school under the G.I. Bill of 1980.

It is difficult to predict how much S. 2596 might cost in the future. That will depend on how many recruits enlist in order to obtain G.I. Bill benefits -- my bill specifies that recruits who accept initial enlistment bonuses will be ineligible for G.I. education benefits -- how many benefits they earn; how many attend public or private colleges and universities, and how high tuition fees rise.

But if we assume that 50,000 young men and women enlist each year in order to obtain G.I. Bill benefits, and that they attend public and private colleges and universities in the same proportion as the current college population, the cost of S. 2596 would be approximately \$210 million in FY 1983; \$420 million in FY 1984; \$630 million in FY 1985, and \$840 million in FY 1986 and thereafter. This is about a third of the projected increase in cost between now and 1985 in existing direct aid to higher education loan and grant programs administered by the Department of Education.

The cost to taxpayers of the G.I. Bill of 1980 would be offset substantially by savings in the Department of Defense from lower training and attrition costs as a result of recruiting a more stable, more easily trainable recruit pool.

Enactment of S. 2596 will not solve all of our military manpower problems. These are chiefly problems of retention caused by abysmally low rates of pay. But S. 2596 can solve our present recruiting problems, and can do so more quickly, and more economically, than any other measure, including reinstatement of the peacetime draft.

If it is unsuccessful, enactment of a new G.I. Bill would be virtually a painless mistake, because it will cost money only in proportion to its success in attracting college eligible high school graduates into our Armed Forces.

I want to conclude my testimony by paying tribute to our colleague, Senator Cohen, who was the first among us to recognize the need to re-establish G.I. Bill education benefits. His bill, S. 2020, introduced last December, was the first ray of light. There are some significant differences between his approach and mine, which you may wish to explore in your questions. But although we differ somewhat in details, we are united in our conviction that enactment of a new G.I. Bill is the single most significant step we can take to solve the critical recruiting problems facing our Armed Forces.

NEWS

FROM

Bill Armstrong
U.S. SENATOR FOR COLORADOFOR IMMEDIATE RELEASE
Thursday, June 19, 1980CONTACT: Lee J. Stillwell
(202) 224-0022**GROWING BIPARTISAN SUPPORT EXISTS
IN SENATE FOR PASSAGE OF A NEW GI BILL**

WASHINGTON, D.C., June 19 -- Growing bipartisan support exists in the Senate for passage of a new G.I. Bill to help the military attract top recruits, Sen. Bill Armstrong (R-Colo.) said today during testimony before the Senate Veterans' Affairs Committee.

Armstrong said 10 senators already have agreed to cosponsor his legislation reinstating educational benefits for people who serve in the military.

Armstrong said many other senators have expressed a strong interest in a new G.I. Bill and he is hopeful that several of them will support his legislation which is based upon research done by the eminent military sociologist, Professor Charles Moskos of Northwestern. Moskos also was to testify at the Senate hearing.

"I am very pleased that there is growing recognition on both sides of the aisle and in all regions of the country that my G.I. Bill proposal is a constructive solution for the military's manpower shortage problem," said Armstrong. "I am intent on redoubling my efforts to see that this important legislation is made into law."

The list of cosponsors for the Armstrong legislation includes Sens. Henry Bellmon (R-Okla.), Rudy Boschwitz (R-Minn.), David F. Durenberger (R-Minn.), Barry Goldwater (R-Ariz.), S.I. Hayakawa (R-Calif.), Roger W. Jepsen (R-Iowa), Paul Laxalt (R-Nev.), Patrick J. Leahy (D-Ver.), George S. McGovern (D-S.D.) and Daniel P. Moynihan (D-N.Y.).

Chairman CRANSTON. Senator Simpson has a comment.

Senator SIMPSON. Mr. Chairman, I know how much time Senator Armstrong has put into this and Senator Cohen, too. I have seen them hatching—they sit near me, and they continue to hatch this, and I knew that they would come up with something thoughtful and provocative and I think it will receive our every consideration.

I am intrigued by it and I am also very concerned about the volunteer military. I do not think it is working properly, and this may be a way to interest people in it without going to some more drastic steps. I appreciate it.

Chairman CRANSTON. Senator Stone wishes to comment.

Senator STONE. In the interests of time, the statement that I have prepared to open the hearing, I would like to submit that in writing and ask that it be included in the record.

Chairman CRANSTON. It will be, and I thank you.

[The prepared statement of Senator Richard (Dick) Stone follows:]

PREPARED STATEMENT OF HON. RICHARD (DICK) STONE, A U.S. SENATOR FROM THE STATE OF FLORIDA

Mr. Chairman: In 1976, this committee was faced with legislation to terminate the GI bill education program for new members of the volunteer force. I, like the other members of this committee, felt that education benefits were a significant recruitment tool for the armed services and should be continued in some form. I, therefore, supported enactment of chapter 32 of title 38, the Post Vietnam Era Veterans Educational Assistance.

This matching fund education program has been in effect since 1977—but it has not been very successful as an incentive to join the Armed Forces. Over the past few years we have seen a decline in volunteers, and a decline in the quality of new recruits.

I am extremely concerned that the Armed Forces might be unable to respond in a case of a major crisis. The recent passage of funds for military registration is an example of one of the steps that has to be taken to improve our military strength.

I have been and will continue to be supportive of the All-Volunteer Force. I have supported measures that make an armed services career more attractive. It is important that our armed services meet their recruiting goals and retain sufficiently trained and experienced personnel in a career status.

Another way to improve both the number and quality of our military ranks—and possibly the most effective way—is through a new education program. I understand that all the Service Chiefs are supportive of a new GI bill. Our hearings this morning give us the opportunity to explore the impact such a program would have on our military strength.

Chairman CRANSTON. I want to add I think it is fine that you have come up with a proposal that doesn't cost anything the first year when we are trying so hard to contain costs.

Bill?

TESTIMONY OF HON. WILLIAM S. COHEN, A U.S. SENATOR FROM THE STATE OF MAINE

Senator COHEN. Thank you, Mr. Chairman. Prior to Senator Armstrong's departure, I would like to throw him one very big bouquet.

I think more than any other individual, Bill Armstrong has led the effort to deal with the problems confronting our military. I serve on the Armed Services Committee, the Subcommittee on Manpower, and I can tell you from my experience in listening to the testimony that has come before that committee the past 2 years that the need to increase pay is perhaps the single most

important act that we can take to stem the tide of the people who are leaving.

Admiral Hayward said we have got a hemorrhage in our services now, and it is not much better in the Air Force. We are losing great numbers of pilots, and it goes on and on. Senator Armstrong has taken the lead during this session to introduce a bill to provide for a significant pay raise which would more than any other factor help to stem that tide to keep our people in.

I will not duplicate what Bill has said before you this morning, but second only to the pay issue is the one about GI bill benefits. Education is cited by practically every service chief as the single most important thing we can do second to increasing pay for our servicemen. So, I would like to take this opportunity to commend him for the effort that he made last year on the Senate floor to call for a significant pay raise, and commend him again this morning for taking the lead in coming up with a proposal for a GI bill benefit.

I think it is critically important. He is to be commended for his leadership.

Chairman CRANSTON. May I ask one question before Bill has to leave? Do each of you feel that if we do enough to make service more attractive in terms of pay, educational opportunity, and other matters that we might agree upon, that we have a reasonable prospect of maintaining the All-Volunteer Army as our approach to military personnel needs?

Senator COHEN. It is my personal view that we have not done enough, have not made a serious, wholehearted effort to make the volunteer force work. I will tell you candidly, that Congress in some measure is responsible for the deterioration of our All-Volunteer Force.

We have taken actions which over a period of time have continued to undercut the desirability of going into the service, and I have shared in some of those decisions. I have voted, for example, to terminate the GI bill benefit back in 1977 when it came before the House. It was a mistake. One of the reasons I am here today is to tell you it was a mistake. I hope you will take some action to correct it through any one of the proposals that we have before us. But that is one example of Congress' action hurting the Volunteer Force.

I can point to another where the recruiting efforts were up under the programs of the Army, for example, so we in the House cut the budget for advertising. We said, in effect, they are doing so well they don't need this much money for advertising so we cut it. That in turn has contributed to inability to attract qualified people. So, I can point to a number of measures that we in Congress have taken to undercut the effectiveness of the All-Volunteer Force.

In addition to that, I think there has been a reluctance on the part of many career personnel to support it who would like to go back to a draft. But, I am satisfied that if we take these actions, if we pay our people adequately the Volunteer Force can succeed. I will relate one thing before I defer to Senator Armstrong. I met with the Defense Minister of Great Britain about a year ago, less than a year ago, and asked him what they had done to turn around the deterioration in their All-Volunteer Force.

He said the first thing that happened when Margaret Thatcher took office was she gave everybody a 30-percent pay raise and said we love you, you are making a great contribution to your country, and we want you to understand that. They cite that as the single most important thing that has happened to turn around the decline of their All-Volunteer Force.

I think we have to do the same thing, change our attitude about the commitment that our young people and careerists are making to the country, and we have to pay them accordingly and provide the incentives. If we do that, it won't be necessary to resort to the peacetime draft.

Chairman CRANSTON. Thank you very much. I share that belief. [The prepared statement of Senator William S. Cohen, the introductory statement on S. 2020, and other related materials follow:]

PREPARED STATEMENT OF HON. WILLIAM S. COHEN, A U.S. SENATOR FROM THE
STATE OF MAINE

Mr. Chairman, I appreciate the opportunity to appear today before this distinguished panel in support of my proposed new Veterans Education and Training (VET) program, S. 2020. Knowing of the strong commitment both the Chairman and ranking member hold for the best interests of those who are serving and who have served in our Armed Forces, it is a special honor to testify before you.

I introduced S. 2020 last November because of my strong belief that we need to return to educational incentives for military service. Educational benefits were consistently listed as one of the top reasons for joining the military by recruits who were surveyed prior to termination of those benefits.

It has become increasingly clear that the military services are having problems meeting recruiting quotas. Since the end of the GI bill, military recruiters have had problems convincing sufficient numbers of top quality individuals to enlist.

Testimony before the Armed Services Committee's Manpower Subcommittee, of which I am a member, has made it clear that, other than a pay raise, no single action could do more to help boost enlistments than would a return to educational benefits. The service personnel chiefs have pointed to the record number of enlistments in the last month of the GI bill. They have cited the sharp drop-off in quality in the months immediately after GI bill termination. And they have told our committee of the large number of Category IV's the lowest mental category eligible for military service, who have joined the Armed Forces since 1976.

Only 38 percent of male Army recruits in this fiscal year are high school graduates. This fact is evidence enough that we need to provide a better educational incentive program.

In the interest of time, I will ask that my introductory remarks on S. 2020 from November be placed in the record. I would like to add new and pertinent information which is vital to my advocacy of a new education program.

Recent congressional actions have made all of us more aware of the need for a workable veterans' education benefit package. General Edward C. Meyer, Army Chief of Staff, suggested that a new program, paving the way to pay for a soldier's future college education, would do a lot more for today's Army than bringing back the draft.

Last month, the House Armed Services Committee approved a new education test program in its defense authorization bill. It provides for a maximum of 4 years' tuition payments at \$1,200 per year and 36 monthly subsistence payments of \$300.

In the Senate Armed Services Committee's package of personnel benefits is a test program of increased educational benefits which I proposed. The test program includes the student loan forgiveness proposal which Representative Tom Petri introduced in the House and I sponsored in the Senate, the transferability provision which General Meyer proposed, and other features aimed at making the current Veterans' Education Assistance Program more attractive to prospective enlistees. I believe that these improvements are only an intermediate solution to providing a real education incentive to enlistment in the Armed Forces.

Mr. Chairman, it is obvious that Congress made a serious error when it terminated the GI Bill of Education in 1976. I was one of those who shared in that mistake, and my bill is an effort to correct it. Congress must now look toward the best means of reinstating those benefits.

A new education program must be sufficiently attractive to bring quality youths into the military services. It must encourage them to stay in the service for a long enough time that their contribution will be felt. And, I believe, it must not be any more generous than what we offered those who fought in the Vietnam conflict.

That is why I offer my bill, S. 2020, for consideration. I have worked with the Non Commissioned Officers Association, a private military organization, in developing this legislation.

It was drafted as an amendment to title 10, United States Code. Since it is being considered by the Veterans' Affairs Committee, it should be amended to reflect changes to title 38, as appropriate. I assume the Committee staff will make the necessary technical corrections if the bill is adopted by the panel.

My bill requires any person enlisting or reenlisting in the Armed Forces to serve a minimum of 2 years before becoming eligible for education benefits. When individuals have satisfied the honorable service requirement, they will receive payments at the same rate as those provided to veterans of other periods.

My proposal has a number of advantages. It encourages quality personnel to stay in for 4 years to receive maximum benefits. It allows them to use the benefits while in service, after 2 years. It has the 2-year minimum service requirement. And it is the least costly of the proposals which have been put forward.

A Department of the Army analysis estimates a cost of \$500 million annually at a steady state, as opposed to a \$1.6 billion cost for the Army's proposal, a \$1.7 billion cost for the proposal of my distinguished colleague, Senator Armstrong, and a \$1 billion cost for the House Armed Services Committee's test program.

As you know, the Senate Armed Services Committee has taken the extraordinary action of cutting the strength of the Army by 25,000, despite vigorous objections from Army officials. We did this because of our belief that quality is being sacrificed by the Army to maintain quantity.

This has been described by some as a negative means of dealing with the quality problem. I suggest that we must look to positive approaches.

While there is a cost involved in reestablishing this program of educational benefits, it is likely to provide far greater short- and long-term benefits. Those benefits go beyond the quality of our military forces. Testimony before this Committee in 1975 revealed: "Veterans using the GI Bill return to the Federal Treasury more than the Nation invests in them to pay for 36 months of college."

In conclusion, Mr. Chairman, let me thank you for the consideration you are giving my bill and the other veterans' education proposals. Your Committee has traditionally been in the forefront in the field of veterans' education benefits. Whether we wish to call these benefits an incentive to enlist or reenlist or a reward for services rendered, the adoption of a new veterans' education benefit bill should come under the jurisdiction of the Veterans' Affairs Committee.

I feel certain that any proposal adopted by this panel will be fair and equitable to all veterans, past and present.

Thank you, Mr. Chairman. I will entertain any questions the Committee might have at this time.

[From the Congressional Record, Vol. 125, No. 162, pp. S16896-S16898—Senate, Nov. 16, 1979]

VETERANS EDUCATION AND TRAINING PROGRAM

Mr. COHEN. Mr. President, I am introducing today legislation which would provide for a new GI bill, the "veterans education and training" (VET) program.

The need for this legislation is clear. Educational benefits have consistently been listed as one of the most popular incentives for joining the military.

Congress' decision to eliminate the GI bill 3 years ago has been cited as one of the key factors in the perception of those in—or considering—military service that benefits are eroding. The veterans education assistance program (VEAP), a contributory program which replaced the GI bill, has not proven to be attractive to those in the military.

The purpose of my bill is to provide an opportunity for individuals to earn educational benefits based on honorable service in the military. It should encourage more top-quality young men and women to enlist and reenlist in the service.

Basically, the bill will provide education benefits at the same rate authorized veterans pursuing a program of education under chapter 34, title 38, United States Code.

The bill does not require a monetary contribution from the participant. It requires something more valuable—time. Eligibility for education under this proposal begins when the member has completed 2 years of honorable service. The maximum educational benefit cannot be earned in less than 48 months.

The program is a simple one. After completing 2 years of service, a member in a critical skill or combat arms position becomes eligible for 18 months of educational assistance. Those in noncritical or noncombat arms occupations earn 12 months of educational assistance.

Benefits continue to accrue beyond the 2-year point. Those with critical skills or in combat arms will earn the maximum 36 months of benefits in 4 years. For their noncritical/noncombat arms counterparts, the 36-month maximum may be earned in 6 years.

In the case of individuals choosing to serve the minimum 2-year active duty period or serving less than a full enlistment, the program requires that they be transferred to the reserve forces to help alleviate reserve manpower shortages.

Further, to reduce attrition figures, the bill will not, in most cases, allow military members to collect their eligibility if they fail to complete the first 2 years of their enlistment or re-enlistment. This is why it is called an "earned" educational assistance program. No education benefits are earned if the service obligation is not fulfilled.

For young people sincerely interested in attaining an educational goal, the bill offers a program of assistance for services rendered. It also provides for education loans and gives the eligible veteran 10 years from the date of last discharge from active duty to complete the education earned as a result of the proposal.

The program will produce a recruiting incentive aimed directly at a desirable target group—high school graduates not in college. These are the kind of committed, top-quality individuals that the services need to attract and retain.

While there is a cost involved in reestablishing this program of educational benefits, it is likely to provide far greater short- and long-term benefits. These benefits go beyond the quality of our defense forces. The U.S. Treasury as well should reap benefits from the veterans who use the program. Testimony before the Senate Veterans' Affairs Committee in 1975 illustrated the fact that: "Veterans using the GI bill return to the Federal Treasury more than the Nation invests in them to pay for 36 months of college."

The new GI bill I am introducing today will, I hope, serve as a reflection of the commitment of Congress to those who sacrifice years of their lives to serve in the Nation's defense. We must not forget the special sacrifices made by our young men and women in uniform, whether in peacetime or in war.

As was brought out during last week's debate on the Armstrong-Matsunaga amendment to lift the cap on military pay, the view of those in the military that their pay and benefits are eroding is more than mere perception. It is a reality.

Basic recruit pay is now only 83 percent of the minimum wage. The discrepancy between military and civilian wages is greatest in the 25 to 34 year old age group, where most enlisted members are in grades E-5 and E-6, with 6 to 15 years of service.

The average enlisted person makes only \$9,900 a year. This compares with an income of \$11,546, which the Bureau of Labor Statistics estimates a family of four needs to maintain a "lower level" standard of living. Since 1972, inflation has driven down the purchasing power of service personnel more sharply than civilians by amounts ranging from seven to 20 percent.

Pentagon officials have recognized that there are significant problems with the existing compensation and benefits system. They have indicated that they are considering a variety of steps to upgrade that system.

One of the actions under consideration is a proposal to reinstitute education benefits in a program more attractive than VEAP. VEAP has been a failure. The reason why is clear. Its primary goal was to reduce the cost to the Government of post-service education.

VEAP was designed as the first veterans program in history which requires a monetary contribution from its participants. It is not surprising that only 16.8 percent of those eligible servicewide are participating in the program.

The monetary contribution, especially in a time of diminishing real wages, is a key reason why the program has failed. Under the law, participants must agree to contribute \$50 to \$75 per month for a minimum 12-month period. Basic monthly pay in the first 2 years of service is fixed around \$500. Thus, individuals must agree to a minimum contribution of about 10 percent of their monthly pay.

Those who do participate will not receive a generous return. In fact, the maximum return is \$225 a month for 36 months.

For every dollar the participant contributes to VEAP, the VA matches it with two. The maximum contribution by the veteran may not exceed \$2,700; the maximum VA contribution is fixed at \$5,400.

Participants must contribute for 12 months before they are permitted to withdraw from the program. Unless hardship can be proven, they may not request the return of the contribution, without interest, until discharge.

It is little wonder that military personnel have been reluctant to participate in the program. And it is easy to understand why recruiters suggest that a GI bill program would be of real help in attracting quality enlistees.

A recent U.S. Navy memo concluded: The quality high school graduate who lacked sufficient funds for a college education lost in essence a \$4,000-plus enlistment bonus with the demise of the old G.I. bill.

The memo noted that passage of the law terminating the wartime veterans education benefits and replacing it with VEAP did nothing but work against the all-volunteer force.

Past and present studies illustrate the need for a new GI bill. Just 2 years ago, a survey of soldiers pointed out that educational benefits were the main reason for joining the Army. Today, the military services report that recruiters want education benefits on their list of recruiting inducements.

The old GI bill helped recruit 25 to 30 percent of the volunteers entering the armed forces. In December 1976, the last month for the old GI bill, a record 27,585 youths enlisted in the Army. The year before, only about half that many, 14,173 enlisted.

Organizations such as the Non Commissioned Officers Association (NCOA) warned Congress that elimination of the GI bill could have serious negative repercussions on the quality and quantity of recruits for military service. Unfortunately, that prediction has been borne out. It is time that we acknowledge the mistake we made and that we take steps to correct our earlier action.

The approach embodied in the measure I am introducing today is, I think, one which will have far-ranging benefits for our young men and women considering military service, for our Armed Forces, and for the Nation itself. It will aid recruiting efforts, enhance the quality of our defense force, encourage educational advancement, and stimulate the economy. As the old GI bill did, my proposal will return far more than it will cost.

Perhaps the major difference from—and improvement to—the old GI bill is the provision that participants must serve a minimum of 2 years before they are eligible for benefits. This should serve to reduce the services' attrition problem. It will also insure that only committed, qualified young men and women who have given 2 or more years in service to their country will reap the benefits of the program.

Costs will thus be reduced in two ways. The Navy has estimated that each recruit dropout represents a \$7,000-plus loss. For every individual encouraged to serve out the term of enlistment or reenlistment, a substantial saving accrues. Extending the minimum service time from 6 months to 2 years for benefits eligibility will limit participation to those most deserving and will bring costs down significantly.

I believe the program is a good one. It represents the kind of direction that I think we should be moving in as we seek to strengthen our military forces. And it reflects my firm belief that the Nation should give proper recognition to those who have served in their Nation's behalf. We owe them a considerable debt. Reinstating educational benefits for veterans is one small way of repaying them for their military service.

The NCOA deserves great credit for its work on this legislation. The bill I am introducing today was first proposed by the NCOA. Representative BOB WILSON of California has introduced a similar measure, H.R. 4647, in the House. I am pleased to introduce this companion bill in the Senate. This approach has already been endorsed by the National Association for Uniformed Services. It is, I think, an approach that merits the fullest consideration by the Congress.

Senator ARMSTRONG. Mr. Chairman, I do, too, and I won't elaborate particularly, but I am convinced myself that we can make the volunteer service work and that in fact the choice between a conscription Army or a Volunteer Army is a false choice, that that is not really the option that we have in peacetime in this country.

The question is whether we are going to have an effective, vital, vigorous Volunteer Army or a poor Volunteer Army because I am convinced if we ever reinstated the draft in peacetime, it could be so divisive and produce so many bad side effects it would be quickly abandoned, so people who hold out the dream that we are going to go back to conscripting young people I think are kidding themselves about what is possible, or in my judgment what is right.

I think it would be wrong as a matter of principle, but I don't think it is possible to do that in this country over a prolonged period of time except when a national emergency exists, and so that is one of the reasons why I am dedicated to making the All-Volunteer Army work.

The point that Bill has made about saying to service personnel that we care about you, we love you, we think what you are doing is important to the country, is just critical, it is not just money and education benefits, but in fact the signal that we transmit to the servicemen and women when we don't give them the pay raise we promised them in the Pay Comparability Act and cut off the education benefits and when they are constantly subject to criticism, it transmits the wrong signal. It transmits the signal we do not value them highly. This is not a high status occupation, that we don't care about it and don't regard it as important, when in fact as Bill has pointed out, we ought to be doing exactly the opposite—praising them for their dedication in service to the country.

Chairman CRANSTON. That is a very good way to put it. The choice is between an effective and ineffective Volunteer Army.

Senator COHEN. Just a couple of other points, Mr. Chairman—I would ask your permission to insert the remarks that I made last November, when I introduced my bill, into the record at this point. I ask that my full statement be entered into the record, and simply point out that I can support many or any of these particular proposals.

The bill that I have introduced was really, the work, background, was really provided by the Non Commissioned Officers Association. They developed it. Dick Johnson, particularly, was outstanding in helping me with this.

It was drafted as an amendment to title 10 of the code and since it is being considered by the Veterans' Affairs Committee, I would recommend that it be amended to reflect the changes in title 38. I assume the staff would do whatever is necessary to correct that in the technical sense.

My bill is quite similar to that of Senator Armstrong, but I think this has a number of advantages. One is that it is the least costly proposal that has been advanced.

A Department of Army analysis estimates the cost of \$500 million annually, steady state, as opposed to \$1.6 billion cost for the Army's proposal, \$1.7 billion cost for the proposal of Senator Armstrong, and a billion dollars cost for the House Armed Services Committee test program.

Bill did not mention this, but there is something he is deeply concerned about. Recently, the Senate Armed Services Committee took the rather extraordinary action to cut the end-strength of the Army by some 25,000, despite the very vigorous objection by the Army officials. This was done by the committee because of a belief that the quality in our armed services is being sacrificed by the Army to maintain the quantity. A number of people have reacted to this in a very negative way saying it is a negative means of trying to deal with the quality problem. I think there is merit to that objection.

I suggest we also have to look to some positive actions and approaches. While there is great cost involved in establishing a

program of educational benefits, it is likely to provide far greater short- and long-term benefits, so I would close my statement on that note, Mr. Chairman.

Chairman CRANSTON. Thank you very, very much. You have both been very helpful in giving us much assistance, and I look forward to working directly and closely with the two of you.

I assume the two of you will be continuing to work with me in your respective geographical locations on the floor.

Senator ARMSTRONG. You may count on that.

Senator SIMPSON. Mr. Chairman, I have an opening statement and I might move that it be accepted into the record as if read in full, and I regret that I have another meeting, and I will return, however.

Chairman CRANSTON. The full statement will go in the record. [The prepared statement of Senator Alan K. Simpson follows:]

PREPARED STATEMENT OF HON. ALAN K. SIMPSON, A U.S. SENATOR FROM THE STATE OF WYOMING

It is indeed a pleasure for me to be here this morning. I thank our Chairman for his courtesy, and would at this time wish to reinforce his remarks.

We are here today to receive testimony on educational assistance programs available to those men and women who serve in our Armed Forces, now and in the future. This is an important issue and one that this Committee should address. I am committed to having Armed Forces that are capable of fully defending this country. Without sufficient numbers of sufficient quality it is obvious that the services can not achieve the capabilities we demand of them.

I am neither committed to the All-Volunteer Force nor am I committed to a return to conscription. I am committed to a strong defense with personnel possessing the necessary intelligence level and technological skills to fight and win if ever committed. I am also committed to the principle that the military is not "just another job"—available primarily to those in our society who have few employment alternatives. The armed services must expect of its personnel a commitment to accept inconvenience and personal risk—to an extent no other employer can reasonably ask of an employee. Such a commitment should be the natural result of a sense of civic responsibility and it can be undermined if service in the military is viewed as a public service employment program or anything less than what it is, a responsibility of citizenship.

Too many young people in our society look upon military service as something to be avoided at all costs. Those who chose to avoid service are often those who have the resources and backgrounds to pursue enriched educational and employment goals. Thus, the affluent have come to share little in the burden of defense. I am concerned that present trends only further insulate this affluent and capable segment of our society from military service and further encourage only the enlistment of those lacking the full range of necessary intelligence and capabilities required to fully succeed in the private sector.

I do not have the answer, and I look upon this hearing as my first opportunity to begin the process of learning what can or should not be done. There are no easy answers, but we must at some point in the very near future commit ourselves to a course of action that clearly addresses this troublesome issue.

I thank Senator Cranston for this opportunity and I look forward to hearing the testimony of those assembled.

Chairman CRANSTON. Thank you very much for your presence, General Tice. I would appreciate it if you could abbreviate your opening statement. The full text will go in the record. That will give us time for the questions that we have, and we have quite a few.

Senator SIMPSON. I have a statement of Senator Strom Thurmond, and I wish it to be entered into the record as if read in full.

Chairman CRANSTON. It will go in the record.

[The prepared statement of Senator Strom Thurmond follows:]

PREPARED STATEMENT OF HON. STROM THURMOND, A U.S. SENATOR FROM THE
STATE OF SOUTH CAROLINA

Mr. Chairman: This morning the Senate Committee on Veterans' Affairs will receive testimony regarding a new GI Bill. Specifically, we will discuss the various provisions within S. 2020, and S. 2596 which were introduced by Senators Armstrong and Cohen, respectively. Testimony will be received from Senators Armstrong, Cohen, and Warner, the Veterans' Administration, Department of Defense and the various uniformed services, veterans organizations, educators, and others.

As Senior Republican Member of this Committee and the Armed Services Committee, I am well aware of problems that our military is experiencing in maintaining an adequate troop strength and qualified personnel. The All-Volunteer Force, to say the least, is having its problems.

In the area of veterans education benefits, current law provides that those veterans who enlisted after January 1, 1977, are eligible for benefits outlined in chapter 32 of title 38, U.S.C. This is a contributory program whereby the VA matches 2 for 1 for each dollar that is placed into an education fund by the veteran, up to a certain amount. This program is the Veterans' Education Assistance Program (VEAP) and, it too, has not been a tremendous success. The statutory authority for VEAP will expire on December 31, 1981; therefore, I believe it is very important that this Committee initiate legislative work on its successor.

Mr. Chairman, S. 2020, S. 2596, and other legislative initiatives contain many features which will not only act as an incentive for a young person to enter service, but various provisions will encourage many to make military service a career. Further, there are generous educational benefits for those who decide to enter civilian life after rendering good and faithful service.

Mr. Chairman, during this hearing and further consideration of a new GI Bill, I believe it is imperative that this Committee maintain a proper view of its role in veterans legislation and national affairs. I believe that the security and survival of this Nation should be foremost when we consider any legislative initiative. Without the military strength and qualified personnel to defend this Nation, the VA and other elaborate programs that many of my colleagues take great pride in, can be destroyed in a very short time. Therefore, we should not only consider what is best for our veterans but, more importantly, what can be done to insure a strong military. It may be necessary that the issues addressed in legislation considered by this Committee today, also should be considered by the Armed Services Committee. Regardless of the Committee jurisdiction, you may be assured of my wholehearted effort to enact legislation that will provide for the defense of this Nation and will compensate and reward those who have rendered faithful service to this Nation in the military.

Mr. Chairman, we have a distinguished list of witnesses today, and I look forward to their testimony.

Chairman CRANSTON. Our next witness is Major General Tice, Deputy Assistant Secretary of the Military Personnel Policy, Department of Defense.

TESTIMONY OF MAJ. GEN. R. DEAN TICE, DEPUTY ASSISTANT SECRETARY FOR MILITARY PERSONNEL POLICY, DEPARTMENT OF DEFENSE, ACCOMPANIED BY NEIL SINGER, DIRECTOR, SPECIAL PROJECTS, OFFICE OF THE ASSISTANT SECRETARY FOR MANPOWER, RESERVE AFFAIRS AND LOGISTICS; SUE DUEITT, DEPUTY ASSISTANT SECRETARY FOR HUMAN SYSTEMS AND RESOURCES, DEPARTMENT OF THE ARMY; LT. COL. THOMAS RETH, DEPARTMENT OF THE ARMY; AND BRIGADIER GENERAL JOYCE, DEPARTMENT OF THE ARMY

General TICE. Mr. Chairman, fellow members of the committee, I am Maj. Gen. Dean Tice, Deputy Assistant Secretary of Defense, Military Personnel Policy. It is a pleasure to be here this morning to discuss educational incentives for the All-Volunteer Force.

Federal educational assistance for veterans has been in effect since World War II when Congress foresaw a need to assist the soldier in his readjustment to civilian life.

Of course, we know similar efforts were made after the Korean and Vietnam conflicts. From 1944 through 1979 the Federal Government spent more than \$38 billion for education and training under the GI bill.

By 1976, the GI bill assistance represented almost 53 percent of all Federal education programs. The GI bill was terminated December 31, 1976, and replaced by the veterans' educational assistance program called the VEAP. This program provides for a 2 to 1 Federal matching of educational savings of military members up to a maximum Federal contribution of \$5,400. In addition, the Secretary of Defense is authorized to contribute unspecified amounts called the VEAP kicker to a member's benefit package as a recruiting or retention incentive.

Some of our experience with VEAP and the VEAP kicker is summarized as follows. Participation in VEAP by enlisted personnel has increased each year since 1977. The cumulative VEAP participation rate through fiscal 1978 for all DOD enlisted personnel is slightly under 25 percent.

Of those who enrolled in VEAP since 1977, nearly two-thirds were still participating as of December 1979.

The VEAP kicker at levels between \$2,000 and \$6,000 has modest drawing power. VEAP will terminate at the end of 1981 unless the President recommends to the Congress and the Congress approves that it be continued.

DOD's fourth annual report to Congress on VEAP, to be submitted next year, will contain our recommendations about the structure and level of VEAP benefits and the program's continuation.

At present, VEAP is the only postservice education program available to military members. Over the past several months, however, many new programs, including those two that you are hearing today, have been reported out in the form of proposed legislation. The report on educational incentives that we submitted to the Congress last February incorporated our first thoughts on many of these new educational initiatives, including those two bills before you today, sir.

Since that time, our thinking on these programs has changed somewhat. I am accompanied today by Dr. Neil Singer, Director of Special Projects Office, who will present a short statement on DOD's position on current congressional initiatives.

I am also accompanied by Dr. Sue Dueitt, the Department of Army Deputy for Human Systems and Resources, who is available to answer your questions.

At this point, I would like to ask Dr. Singer to read into the record his short statement.

Dr. SINGER. Thank you, Mr. Chairman. I am Neil Singer, Director of Special Projects for the Assistant Secretary of Defense.

In the interest of brevity, I will excerpt parts of my statement and then read the rest for the record.

I am here today to discuss the Department of Defense's position on educational incentives for the All-Volunteer Force.

The Congress is considering several bills to increase educational incentives for military members. In addition to those bills before you, the Senate and House Armed Services Committees and the House Education Committee have proposed programs in this area.

The House of Representatives has already acted on two separate programs, loan forgiveness and college tuition assistance for those entering the military.

The Department of Defense supports the loan forgiveness program, the Petri amendment, and is currently analyzing the cost implications of broader tuition assistance and stipend program, the White bill.

The Senate Armed Services Committee has recently completed action on a \$45 million educational incentives test program. This program would give the Secretary of Defense the authority to test additional educational incentives for the purpose of improving recruitment and retention.

The results of any such test would, of course, be made a part of next year's final report to the Congress on VEAP. Although it would be premature for me to present to you a detailed test proposal, let me outline some of the features of a test that we currently have under consideration.

Eligibility would be limited to nonprior service enlistees.

Loan forgiveness would be available for those who enlist or reenlist in critical skills areas selected by the Secretary of Defense. For active service, the Secretary would pay 33⅓ percent or \$1,500, whichever is greater, of outstanding Federal student loans for each satisfactorily completed year of service.

For selected reservists, the Secretary would pay up to \$750 for outstanding loans for each year of satisfactorily completed service.

A noncontributory program of educational incentives available for inservice use after 2 years or after the first term of honorable service would be offered to persons who enlist in critical skill areas and who meet the requirement for training in these skills.

For active service, education benefits would be related to the cost of a college education. For service in the selected reserve, benefits would be 50 percent of the level offered for active duty.

At present cost levels, the active duty benefit would be approximately \$15,000 for 4 years of schooling.

To strengthen the retention incentive features of the program, several provisions are being considered: Cash-out options for members who reenlist to the 12-year point; the option of transferring benefits to one dependent, also for members who obligate to the 12-year point; encouraging inservice use of benefits through programs such as college leave for senior noncommissioned officers.

Mr. Chairman, at this point let me depart from my statement briefly to mention a point of some concern to us that was raised by a previous witness. It concerns the issue of accrual funding for these programs.

The Defense Department feels strongly that the costs of these programs must be included in the year in which the cost is incurred. That is, that we budget for these proposals on an accrual basis so that we have an accurate track of manpower costs in the year in which they are incurred.

The purpose of the program that I am presenting to you today is to test the effect of educational incentives. To have a fair test, we feel we must also make a fair comparison of costs, and we can only do that if we are able to proceed on an accrual basis.

We recognize that some of these proposals would need to be coordinated with other Federal agencies, especially the Veterans' Administration and the Department of Education.

For example, the provisions of our test program would need to be aligned with current VA programs and Federal educational assistance criteria. As we develop the test before the beginning of the next fiscal year, we will consult extensively with these agencies.

Several of the provisions I have mentioned go beyond the current concept of veterans' assistance. Although the cash-out provision would make the benefit more nearly akin to compensation, it also would provide a retention incentive for the servicemember who elects not to return to civilian life.

The transfer provision, although not a readjustment benefit, would provide a unique method for a servicemember to use an earned education benefit and still remain in the service.

Under this test we would try to design provisions for inservice use that offer benefit levels similar to those for veterans. And we propose to extend eligibility to the selected reserve as well, since recruiting and retention incentives are equally as important there as in the active component.

In general, the Department of Defense is guided by the belief that the benefits for current service personnel need not come at the expense of benefits for veterans. Before introducing any new educational benefit program, we will discuss our proposals with those who are familiar with the problems of veterans as well as those of active duty personnel.

We value, therefore, the advice and views of this committee, especially on the features that I have described.

I am prepared to answer any questions you might have, and I thank you for this chance to appear.

Chairman CRANSTON. Thank you very much. I would like to interrupt the order of witnesses now to return to Senator Warner who was scheduled to be on earlier but because of events on the Senate floor couldn't be here at the scheduled time.

John, we welcome you and will be delighted to hear from you.

Senator WARNER. I appreciate that, Mr. Chairman, and I appreciate the courtesy of the other witnesses so let me be brief.

Mr. Chairman, I would like to ask for unanimous consent that my statement in its entirety may be a part of the record.

Chairman CRANSTON. Yes.

TESTIMONY OF HON. JOHN W. WARNER, A U.S. SENATOR FROM THE STATE OF VIRGINIA

Senator WARNER. I will just speak extemporaneously and perhaps if I might say personally from the heart, I would not be in the U.S. Senate today were it not for the GI bill.

I entered World War II as a seaman in 1944, a high school dropout, and at the conclusion of the war I received enough GI bill to get an engineering degree.

I then volunteered a second time for active duty in Korea, this time as a Marine, and received enough GI bill to get a law degree. So, I am going to fight hard for the young men and women of the Armed Forces so long as I am privileged to be in the U.S. Senate to see if they cannot have the same benefits that I received in my

lifetime in hopes that one or more someday might take my place in the Senate.

Now as you know, Senator Nunn and I through work on our committee, the Armed Services Committee, have taken a tremendous interest in the subject of retention of career people. It is our feeling that we have put together now with the assistance of the President, adding on his sections of the law, we have put together a composite of financial measures that will enable people to remain in the career force, and also it is an inducement for others to come in and join.

One element is missing, and that is the elimination of this bar on the current educational program by which it expires under title 38, U.S. Code, section 1662 on December 31, 1989.

I introduced a bill yesterday which would be submitted to this committee to eliminate that statutory bar and I am hopeful the committee will act favorably upon it and that that will be the last piece in the matrix that encourages young men to remain as careerists.

Thank you very much.

Chairman CRANSTON. Thank you very much, John. That personal statement is very helpful to our record. Your concerns are our concerns, and we will be asking witnesses questions along the lines of your particular interest in the course of the hearing.

[The prepared statement of Senator John W. Warner and the introductory statement of bill S. 2941 follow:]

PREPARED STATEMENT OF HON. JOHN W. WARNER, A U.S. SENATOR FROM THE
STATE OF VIRGINIA

Mr. Chairman: I am pleased to have the opportunity to testify before the Veterans' Affairs Committee today.

As you know, from my perspective of having served as Secretary of the Navy and of currently being a member of the Armed Services Committee, I have studied the problems facing our personnel both in active service and as veterans.

Right now, the availability of highly trained personnel in critical job skill areas may well be the most important issue affecting the readiness of our forces. We must assure that our personnel view the military as an attractive career.

Today we are in danger of losing a valuable cadre who are needed desperately to maintain the capability of our planes to fly, our ships to sail, and our ground forces to deploy. These personnel may well elect to leave the military at this juncture in order to assure that they have the current G.I. Bill benefits available to them.

Thus, we have the dichotomy of the current veterans' educational benefits being counterproductive to our current active forces needs. As a consequence, I have introduced legislation which would amend section 1662(E) of title 38 of the United States Code to assure that the deadline for educational assistance is extended beyond December 31, 1989, to a date 5 years after the veteran's last discharge date or release from active duty.

I believe this simple step taken at this time would be a clear signal to many of our military personnel that we need them now in their active duty jobs.

Some will argue that the educational assistance benefit should be provided solely as a compensation for time in active duty during a period of combat. However, I can tell you that since World War II our military advantage has gradually eroded to the point today that in many areas we are in an inferior position.

We simply cannot afford to lose many of the key personnel that we have on board today who feel they are forced to leave or else they will lose their educational assistance benefits.

I urge that the Committee give this proposal to extend the educational assistance deadline full and prompt attention. We need to retain our personnel if we are to maintain a desired state of readiness.

In addition to this simple modification of the existing legislation, I plan to introduce a bill which is intended to provide comprehensive educational assistance benefits for military personnel. The proposal is designed to provide a stimulus both

for recruitment and for retention of career personnel. I would like to submit this proposal to the Committee for review and consideration.

[From the Congressional Record, Vol. 126, No. 112, pp. S9349-S9351—Senate, July 2, 1980]

ARMED FORCES EDUCATIONAL ASSISTANCE ACT OF 1980

Mr. WARNER. Mr. President, we have discussed at length in these Chambers the fact that the Armed Forces today face critical problems in recruiting and retaining high quality individuals.

I believe that we can provide a real service to our Armed Forces by addressing this problem squarely and by making substantive improvements in our education program for military personnel.

The bill that I introduce has the objectives of increasing the retention of current and future active military career personnel, enhancing recruitment through augmentation of the military career benefit package, and upgrading the quality of the military force.

Such a program is necessary for several reasons. First, career military personnel, whether personally in combat or not, have made a time commitment to their country's service. The time spent in the early stages of their military service may have been used instead for career preparation had then not been in military. We must assure our military personnel that time spent in their country's service does not deny them the opportunity to prepare for a career.

Second, educational assistance should be also viewed as one element of a benefit package together with other features that this Congress is addressing such as the Warner-Nunn proposal. Thus, educational assistance is a benefit which we can provide to military personnel who make the commitment to their Nation to serve as career personnel.

The bill that I bring forward will improve the quality of the career force by providing educational assistance that will attract high school graduates or those with equivalent experience who want help in acquiring additional education. As most of you know, high school education has been found to be a statistically important criteria in determining level of competence in the military.

The program is designed to provide four basic educational assistance options which taken together will encourage enlistment and increase retention.

The first option is specifically designed as an incentive for recruitment. To qualify for educational assistance, an enlistee must make a commitment of time and service. After 3 years of active duty and with a 3-year commitment to the Active Reserves, the individual qualifies for 18 months of educational assistance. This should also be an important benefit for those not necessarily interested in formal university level education, but who can take advantage of this option for junior college or trade school training. There is a critical national shortage of technicians, professional machine and tool designers, skilled medical assistants, et cetera, and such training should help alleviate that situation.

The second option is analagous to the original GI bill in concept and is designed as an incentive for both recruitment and retention. Thirty-six months of educational assistance would be provided to those who make the time and service commitment of 4 years of active duty, along with a 4-year service in the Active Reserves.

The third option provides 36 months of educational assistance to those individuals who remain on active duty 6 years before taking advantage of the GI bill. The Active Reserve commitment is waived. The 6 years of active duty should help relieve the critical skill shortage at intermediate enlisted personnel levels.

As an additional incentive for retention, a fourth option is provided which allows the individual to pass his or her 36-month educational assistance program on to a spouse or child if 16 years have been devoted to active duty.

The program is proposed to begin effective with fiscal year 1981. It is important to note that no costs would be incurred until 1985.

Not since World War II has our country been threatened so dramatically on so many fronts. We find ourselves not only losing our military parity in the strategic and conventional force arenas, but also subject to the emerging threat of revolutionaries and terrorists.

At this time the availability of highly trained personnel in critical job skill areas may well be the most important issue effecting the readiness of our forces. We must assure that our men and women in uniform view the military as an attractive career.

Recruitment of military personnel and retention of qualified individuals in key positions pose the critical problem which may surface as the "weak link" in our defense structure. Despite the sophistication of our weapon systems (and, often,

because of it), we need skilled individuals who are highly trained, available and ready.

Currently, we are short 20,000 highly skilled and technically trained petty officers. Recently the U.S.S. *Canisteo* was removed from operational status because it was judged unsafe due to personnel shortages.

The Air Force is now short 3,000 NCO's. Chief of Staff Lew Allen has been forced to suggest that in the early eighties he wants to spread the shortages "in a way as wise as we can."

The Army is short 46,000 NCO's. Support and Reserve Forces are under strength. There are requirements today for 1 million personnel in the Active Reserve—currently there are 800,000. The Individual Ready Reserve requires 700,000, but has only 200,000 personnel.

Retention difficulties have reduced the skill levels in our current force. Today large numbers of our artillery crewmen have insufficient skills for combat. Substantial difficulties can also be found in other skill specialties such as nuclear weapons maintenance, tank repair, Hawk missile maintenance, and on and on.

Wartime mobilization simulations show that we can only fill 52 percent of the infantry positions, 73 percent of the artillery, and 28 percent of the armor requirements.

I urge that the Senate give this proposal full and prompt attention. We need to retain our personnel if we are to maintain a desired state of readiness—the capability of our planes to fly, our ships to sail, and our ground forces to deploy.

Mr. President, I ask unanimous consent that the text of the bill be printed in the

RECORD.
There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2941

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Armed Forces Educational Assistance Act of 1980".

SEC. 2. (a) Title 38, United States Code, is amended by adding after chapter 32 the following new chapter:

"Chapter 33—ARMED FORCES EDUCATIONAL ASSISTANCE PROGRAM

- "Sec.
"1644. Statement of purpose.
"1645. Definitions.
"1646. Eligibility, entitlement.
"1647. Time limitations for completing a program of education.
"1648. Educational assistance, subsistence allowance.
"1649. Program requirements.
"1650. Right of eligible veteran to transfer entitlement to spouse or dependent children.

"§ 1644. Statement of purpose

"It is the purpose of this chapter to demonstrate that an improved educational assistance program for persons who serve on active duty will not only exact honorable military service from such persons but will also increase the retention rate of current and future military personnel, increase recruitment of personnel, and enhance the quality of the military force generally.

"§ 1645. Definitions

"For the purposes of this chapter—

"(1)(A) The term 'eligible veteran' means any person who entered military service after September 30, 1980, and (i) served on active duty for three or more years after such date and was discharged or released therefrom under conditions other than dishonorable, or (ii) was discharged or released from active duty after such date for a service-connected disability.

"(B) The requirement of discharge or release, prescribed in subparagraph (A), shall be waived in the case of any person who has completed at least three years' active duty (which began after September 30, 1980).

"(C) For the purposes of subparagraphs (A) and (B), the term 'active duty' does not include any period during which an individual (i) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (ii) served as a cadet or midshipman at one of the service academies, or (iii) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard, or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

"(2) The terms 'program of education' and 'educational institution' shall have the same meaning as in subsections (b) and (c), respectively, of section 1652 of this title.

"§ 1646. Eligibility; entitlement

"(a) Except as otherwise provided in this section—

"(1) an eligible veteran who serves at least 36 consecutive months but less than 48 consecutive months of active duty and who agrees to serve as a member of the Ready Reserve of an armed force for three years immediately after such veteran's discharge or release from active duty shall be entitled to 18 months of educational assistance under this chapter;

"(2) an eligible veteran who serves at least 48 consecutive months but less than 72 consecutive months of active duty and who agrees to serve as a member of the Ready Reserve of an armed force for four years immediately after such veteran's discharge or release from active duty shall be entitled to 36 months of educational assistance under this chapter; and

"(3) an eligible veteran who serves at least 72 consecutive months of active duty shall be entitled to 36 months of educational assistance under this chapter without any requirement for service as a member of a reserve component of an armed force.

"(b) An eligible veteran who has served on active duty for a period of 16 years as of September 30, 1986, or any time thereafter, may transfer, as provided in section 1650 of this title, such veterans educational entitlement under this chapter to such veteran's spouse or children.

"(c) Whenever the period of entitlement under this section of an eligible veteran who is enrolled in an educational institution regularly operated on the quarter or semester system ends during a quarter or semester, such period shall be extended to the termination of such unexpired quarter or semester. In educational institutions not operated on the quarter or semester systems, whenever the period of eligibility ends after a major portion of the course is completed such period shall be extended to the end of the course or for 12 weeks, whichever is the lesser period.

"(d) Any enlisted member of the Armed Forces eligible for educational assistance under this chapter shall be eligible to participate in the Predischarge Education Program (PREP), authorized by subchapter VI of chapter 34 of this title, during the last 6 months of such member's first enlistment after September 30, 1980.

"(e) Eligible veterans under this chapter shall be eligible for education loans authorized by subchapter III of chapter 36 of this title in such amounts and on the same terms and conditions as provided in such subchapter, except that the term 'eligible veteran' as used in such subchapter shall be deemed to include 'eligible veteran' as defined in this chapter.

"(f) Except as provided in subsection (a) and in subchapters V and VI of chapter 34 of this title, no eligible veteran shall receive educational assistance under this chapter in excess of 36 months.

"(g)(1) No educational assistance shall be afforded to any eligible veteran who fails to complete three consecutive years of active duty service.

"(2) The Administrator shall terminate the benefits under this chapter in the case of any veteran who fails to participate satisfactorily in the Ready Reserve of an armed force if such participation was a requirement for entitlement under this section. The Administrator may reinstate such benefits upon receipt of certification from the Secretary of Defense that such veteran is participating satisfactorily as a member of the Ready Reserve of an armed force.

"§ 1647. Time limitations for completing a program of education

"(a) No educational assistance shall be afforded an eligible veteran under this chapter beyond the date six years after the veteran's last discharge or release from active duty after September 30, 1980; except that, in the case of any eligible veteran who was prevented from initiating or completing such veteran's chosen program of education within such time period because of a physical or mental disability which was not the result of such veteran's own willful misconduct, such veteran shall, upon application, be granted an extension of the applicable delimiting period for such length of time as the Administrator determines, from the evidence, that such veteran was prevented from initiating or completing such program of education.

"(b) In the case of any eligible veteran who has been prevented, as determined by the Administrator, from completing a program of education under this chapter within the period prescribed by subsection (a), because the veteran had not met the nature of discharge requirements of this chapter before a change, correction, or modification of a discharge or dismissal made pursuant to section 1553 of title 10, the correction of the military records of the proper service department under section 1552 of title 10, or other corrective action by competent authority, then the six-year delimiting period shall run from the date the veteran's discharge or dismissal was changed, corrected, or modified.

"(c) In the case of any eligible veteran (1) who became eligible for educational assistance under the provisions of this chapter, and (2) who, subsequent to the veteran's last discharge or release from active duty, was captured and held as a prisoner of war by a foreign government or power, there shall be excluded, in computing the veteran's six-year period of eligibility for educational assistance, any period during which the veteran was so detained and any period immediately following the veteran's release from such detention during which the veteran was hospitalized at a military, civilian or Veterans' Administration medical facility.

"§ 1648. Educational assistance; subsistence allowance

"(a) The Administrator shall pay, in the case of each eligible veteran pursuing a program of education under this chapter, the cost of such veteran's tuition and fees or \$1,500 per school year (or an appropriate portion thereof, as determined under regulations which the Administrator shall prescribe in the case of an eligible veteran pursuing a program of education on a part-time basis), whichever is less.

"(b) The Administrator shall pay to each eligible veteran pursuing a program of education under this chapter a subsistence allowance of \$300 per month (or an appropriate portion thereof, as determined under regulations which the Administrator shall prescribe, in the case of an eligible veteran pursuing a program of education on a part-time basis), except that an eligible veteran pursuing a program of education while serving on active duty shall not be eligible for a subsistence allowance under this section.

"§ 1649. Program requirements

"The provisions of sections 1670, 1671, 1673, 1674, 1677, 1681(c), 1683, 1696, and 1698 of this title and the provisions of chapter 36 of this title shall be applicable to the educational assistance program provided for in this chapter.

"§ 1650. Right of eligible veteran to transfer entitlement to spouse or dependent children

"(a) (1) An eligible veteran described in section 1646(b) of this title may transfer all or any part of such veteran's educational entitlement under this chapter to such veteran's spouse or to a child of such veteran. Any transfer under the preceding sentence may be revoked at any time by the veteran making the transfer.

"(2) If a veteran described in paragraph (1) dies before making such an election but has never made an election not to transfer such entitlement, any unused entitlement of such veteran shall be automatically transferred to such veteran's surviving spouse or (if there is no surviving spouse or if the surviving spouse so elects) to such veteran's children.

"(b) Any transfer of entitlement under subsection (a) shall be made in such form and manner as the Administrator concerned may prescribe.

"(c) A spouse or surviving spouse or a child to whom entitlement is transferred under this section is entitled to educational assistance under this chapter in the same manner and in the same amount as the veteran from whom the entitlement was transferred, except that the delimiting period shall be ten years after the date on which the entitlement is transferred or ten years after the veteran's last discharge or release from active duty, whichever is earlier. A surviving spouse is not entitled to educational assistance under this section by virtue of the service of another person during any period during which the surviving spouse is remarried.

"(d) The total amount of educational assistance available to a veteran entitled to educational assistance under section 1646 of this title and to the veteran's spouse and dependent children is the amount of educational assistance to which the veteran is entitled. If more than one person is being provided educational assistance for the same period by virtue of the entitlement of the same veteran, the subsistence allowance authorized by section 1648(b) of this title shall be divided in such manner as the person may specify or (if the person fails to specify) as the Secretary concerned may prescribe."

(b) The table of chapters at the beginning of such title and at the beginning of part III of such title are each amended by adding below the item relating to chapter 32 the following new item:

"33. Armed Forces Educational Assistance Program."

(c) Chapter 32 of title 38, United States Code, relating to the post-Vietnam era veterans' educational assistance program, is amended by adding at the end thereof the following new section:

"§ 1644. Termination of program

"No person who enters the military service after September 30, 1980, and who is eligible to earn educational assistance entitlement under chapter 33 of this title shall be eligible to participate in the program provided for in this chapter after such

date, and no person who entered the military service before such date shall be eligible to participate in such program after September 30, 1982. The preceding sentence shall not be construed to deny benefit payments under this chapter to any eligible veteran who was a participant before the applicable termination date specified in the preceding sentence."

(d) Clause (4) of section 1795 of title 38, United States Code, relating to limitation on period of assistance under two or more programs, is amended by inserting "33," after "chapters 31,".

SEC. 3. (a) The Administrator of Veterans' Affairs and the Secretary of Defense, not later than 90 days after the date of enactment of this Act, shall submit to the Congress a joint report containing their respective plans for implementing the educational assistance program provided for under chapter 33 of title 38, United States Code, as added by section 2 of this Act.

(b) The Secretary of Defense shall report to the Congress semiannually on the effect that the educational assistance program provided for under chapter 33 of title 38, United States Code, as added by section 2 of this Act, has had on the number and quality of individuals entering the armed forces. Each such report shall include—

(1) the number of original enlistments in the armed forces, the number of first reenlistments, and the number of other volunteers for active duty during the preceding six-month period;

(2) the retention and attrition rates in the armed forces during the preceding six-month period;

(3) a comparison of the enlistment, reenlistment, retention, and attrition rates in the armed forces during the preceding six-month period with those for a comparable period in each of the preceding five years; and

(4) such other pertinent information as the Secretary deems appropriate.

TESTIMONY OF MAJ. GEN. R. DEAN TICE—Resumed

Chairman CRANSTON. General Tice, are you through with your opening testimony?

General TICE. Yes, sir.

Chairman CRANSTON. As you know, there are individuals serving on active duty in the military who entered the service prior to December 31, 1976, and thus have eligibility for the current Vietnam-era GI bill.

Current section 1662(e) of title 38, United States Code, provides that no educational assistance shall be afforded under chapter 34 after December 31, 1989.

Is this termination date having any detrimental effect on the ability of the armed services to retain chapter 34 eligible persons in the military at this time?

General TICE. Our assessment is that if this expires we would have a loss of some of our individuals to take advantage of that limitation date for that schooling.

Therefore, the Department of Defense has taken a position to have the expiration date extended.

Chairman CRANSTON. Dr. Dueitt, what is the Army's experience on that point?

Dr. DUEITT. We do not have any precise statistics. However, anecdotal evidence shows that many people report finding it necessary to leave the Army in order to take advantage of the GI bill. Therefore, as General Tice has said, we support the extension of the delimiting date to 10 years beyond the point at which the person is discharged or leaves the service.

Chairman CRANSTON. Do you feel that people are actually starting to leave now for that reason?

Dr. DUEITT. We do. As I say, we do not have precise statistics on that. However, some people report that this is the case.

Perhaps General Joyce could comment on that.

General JOYCE. People have told me that they either plan to leave the service or in fact did leave the service early specifically because of the limitation on the educational benefit.

Chairman CRANSTON. The current Vietnam-era GI bill, unlike the World War II and Korean GI bills, permits eligible individuals to use their GI bill benefits while on active duty.

Section 1682(b) of title 38 provides that when benefits are used on active duty, the VA computes the educational assistance allowance at the rate of established charges for tuition and fees or the full-time rate. However, the individual's entitlement is charged, not on the basis of assistance paid out, but on the basis of rate of pursuit. That is, for example, if a servicemember is pursuing a 3-month course of training at a three-quarter time rate, his or her entitlement is charged for three-quarters of a month for each month of pursuit, despite the fact that established charges for tuition and fees may be only \$100. Thus the servicemember is actually losing more than \$600 in potential GI bill benefits.

Do the services encourage inservice use of the GI bill by servicemembers, and if so, are the servicemembers advised prior to their enrollment in the program with GI bill assistance of the adverse implications it may have for the future use of GI bill benefits?

Dr. SINGER. Senator, I can speak to the first part of the question, although not current service practice.

It was precisely that problem that I alluded to when I indicated that we were interested in making benefits for active duty members, inservice use of educational incentives, similar to those available to veterans. We think that penalizing inservice use acts as a substantial retention disincentive, and we wish to eliminate that to the extent possible.

Perhaps Dr. Dueitt can speak to current service practice.

Chairman CRANSTON. Are they advised of the adverse implications?

General TICE. I would be hard put to say that in each case they are told specifically "you are forfeiting a portion of your benefit" when you go into service. I have no details on how that is handled other than I think they are encouraged to make use of the GI bill while they are in service because if they do, then we will be able to retain them in their current jobs.

Chairman CRANSTON. Dr. Dueitt, what is the Army practice?

Dr. DUEITT. It is not our policy that education counselors advise these individuals of the adverse impact. Indeed we do encourage people to take advantage of the benefit while in the service. We would like to see them continue on in the service.

Chairman CRANSTON. Have you found this method of charging entitlement for inservice use to be a deterrent to effective utilization of these benefits while inservice?

Dr. DUEITT. We really have not analyzed that, so I am unable to say at this time.

Chairman CRANSTON. Dr. Singer, any comments on that?

Dr. SINGER. No, sir.

Chairman CRANSTON. Moving away from title 38 now, educational incentives in the military can be separated into three categories—preservice, inservice, postservice.

Which of these three categories do you believe has the most potential for assisting the military in recruiting the caliber of personnel necessary to provide for adequate military preparedness?

Dr. SINGER. I think we would like to try to blur the lines between the latter two. We think that many members upon their entry into service have not yet made a decision as to separation date and we would try not to give them incentives to make what we think is an adverse decision after entry.

As far as the effectiveness of preservice use, I think that the program that we have before you or that will surely be coming before you—the loan forgiveness program in which students who have outstanding educational loans at the time of entry into military service—would have some fraction of those loans forgiven on the basis of honorable service—we feel that that has a potential to be quite an effective program.

Unfortunately, we have never tried it and we have no data on what its effectiveness might be. We are quite anxious to try it as part of this test.

Chairman CRANSTON. What improvements have been explored in the area of inservice programs?

Dr. DUERT. Perhaps General Joyce, who is the director of our Army educational programs, would like to talk about some of the recent improvements in the inservice program.

General JOYCE. We have a continuing education system in the Army that begins with basic skills education, job-related functionally oriented designed to bring the individual up to speed in the basic learning areas and at the same time train him on his job.

The first stage is as I described. This process is designed to lead the individual up to the point where if he is not a high school diploma graduate, he gets his high school equivalency. There is a follow-on stage that leads into post-high school experiences, service-member opportunity colleges, affiliations that we have in the educational field whereby people can get college credit for inservice training in occupations.

The final state is post-high school tuition assistance programs of a variety of programs that can lead to college degrees, to associate degrees, to apprenticeships in various fields—a sort of a hierarchy of educational opportunities beginning with training in the basic skills on duty.

Chairman CRANSTON. One of the highly publicized problems of the military has been the large number of recruits lacking high school diplomas.

What steps is DOD taking to assure availability in pursuit of inservice programs designed to meet the needs of these recruits who do not have high school diplomas?

General TICE. Some of the difficulty we have is to provide the time from training and the daily requirements of the job in order to undertake this educational opportunity.

As you may recall 2 years ago we were forced by congressional action to stop the formal process of providing high school education on duty and the basic skills program is the one that was substituted for that earlier program.

If we can show that while attending these courses to get their high school diploma it also contributed to improvement on the job,

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then they could take those courses. Otherwise, they would have to seek the options that we have in our educational centers for getting those credits through the GED or evening classes, and that is pretty consistent I think throughout all the services, Mr. Chairman.

Chairman CRANSTON. When the GI bill was terminated in 1976, the Department of Defense indicated that it would have to improve and increase emphasis on inservice training opportunities to offset the termination.

Has that actually happened?

General TICE. I think that the increased emphasis has taken effect in the form of the basic skills educational program and our desire to continue funding the tuition assistance program. That is about the extent of the assistance that we have been able to accomplish today.

Chairman CRANSTON. I would like to ask you to provide for the record a complete summary of all the inservice educational programs conducted by each of the services and the extent to which they have been utilized from fiscal 1977 to the present.

General TICE. We will gladly do so.

[Subsequently, the Department of Defense submitted the following information:]

Two programs constitute the major fraction of DOD inservice educational programs. The voluntary, off-duty program provides high school completion education, vocational-technical-occupational education, instruction at the associate and baccalaureate level, and post-graduate education. Funding for the voluntary program includes tuition assistance, the GI bill, the Veterans Educational Assistance Program, Education Department grants and loans, as well as individual contributions. Although comparable data prior to fiscal year 1978 does not exist, program growth is demonstrated by increasing enrollments and by increasing expenditures for tuition assistance.

VOLUNTARY EDUCATION

	Enrollments—Fiscal year			
	1978 (actual)	1979 (actual)	1980 (projected)	1981 (projected)
Army	232,090	212,402	219,402	235,793
Navy	56,200	64,500	70,000	77,000
Air Force	334,363	336,100	340,500	344,900
Marine Corps	25,185	27,322	27,460	28,530
Tuition assistance: <i>In millions</i>				
Fiscal year 1978 (actual)				\$30.6
Fiscal year 1979 (actual)				33.1
Fiscal year 1980 (projected)				37.6
Fiscal year 1981 (projected)				42.05
Basic skills education:				
Fiscal year 1978 (actual)				11.0
Fiscal year 1979 (actual)				17.9
Fiscal year 1980 (projected)				20.18
Fiscal year 1981 (projected)				21.97

During fiscal year 1979, there were over 162,000 enrollments in basic skills education.

Chairman CRANSTON. The committee has received the VA's portion of the third annual report on the VEAP program. However,

we have not yet received DOD's portion which was due 2½ months ago.

When will the committee receive that report?

Dr. SINGER. I believe, Mr. Chairman, that is in what I might refer to as the final stages of preparation. I hope it will be to the committee within a matter of a week or two.

Chairman CRANSTON. Good. In the VA's evaluation of the VEAP the report states, "Early indicators lead to a less than optimistic view as to the program's viability."

Would you concur in that assessment?

General TICE. I think we can concur in that assessment. I would suspect we would have greater participation if the compensation levels for service were higher. Experience has shown in examining the withdrawals, that the withdrawal usually occurs when the individual gets married or starts a family, when they find themselves in a financial bind and start withdrawing their contributory effort thereby closing out the VEAP program.

Chairman CRANSTON. What do you believe is the major contributing factor in the lack of success of VEAP in meeting the needs of the military and the needs of the individual servicemember?

General TICE. That's a tough one to answer. Dr. Singer can give us some thoughts on this, but I am not entirely convinced that it is the contributory aspect that has driven servicemembers away. I think that certainly is a key issue in their mind when they compare and find that their predecessors perhaps had a free education benefit option.

Would you like to add anything?

Dr. SINGER. I don't have very much to add, Mr. Chairman. I think that we have heard a lot of anecdotal evidence that the contributory feature of VEAP is its greatest drawback. Of course, that is understandable.

We have supported efforts to make what one might think of as technical improvements in the program by way of increasing the range of monthly contributions that a member may make in order to give him a little more latitude to take full advantage of the program within the exigencies of his own financial situation, and we would hope to have some results within the year.

Of course, we are entering the last year of the 5-year life of VEAP. We hope to have some results in the last year of the program that would indicate to what extent the prospect of substantial improvement and participation is the result of that sort of rescoping of the program as opposed to substituting major changes for it.

At the same time, we are not in all candor highly optimistic that those kinds of changes will have major effects upon the program's attractiveness, and that is one reason why we are anxious to try the noncontributory program that I outlined to you before.

Chairman CRANSTON. I would be interested in the Army's comment on this, too.

Dr. DUEITE. I think many soldiers who are aware of the basic education opportunity grants, the guaranteed student loans and various other programs available through the Department of Education. Naturally, they compare those options to the contributory

VEAP, and the choice becomes simple. The Department of Education is more attractive.

Chairman CRANSTON. Are the experiences of the other branches similar to that number of the Army?

General TICE. I will have to give you an assessment of that for the record.

Chairman CRANSTON. Would you do that, please?

[Subsequently, the Department of Defense submitted the following information:]

In the third annual report to the Congress on VEAP, we reported the following views by the Services on VEAP:

"The Navy recommended a reduction of the minimum required VEAP contribution to \$25 per month. As a retention incentive, the Navy proposed a \$2,000 VEAP 'kicker,' to be offered at each of four, 4-year reenlistment points. Further, the Navy suggested that VEAP funds be made available for the education of the dependents of VEAP participants who successfully complete 20 years of service.

"The Marine Corps and the Air Force concluded that VEAP was not an effective recruiting tool, and the Air Force recommended consideration of a noncontributory replacement program for VEAP.

"All Services found the need for some modification in the structure of the program. Recommendations to enhance the attractiveness of VEAP centered on two potential changes in the program: (1) an increase in the monetary value of the benefit, and (2) elimination of restrictions on participation and use of the benefit".

Chairman CRANSTON. The Non Commissioned Officers Association in their testimony discussed a number of inadequacies in VEAP, including the requirement that if an individual disenrolls from VEAP participation, his or her access to contributed funds is denied until the completion of an initial term of enlistment.

Is this in your opinion a real problem?

Dr. DUEITT. Is it true that individuals are not allowed to withdraw their money until the completion of their term of service?

It was my understanding that individuals could withdraw the funds from the VEAP program but they would receive no interest under such circumstances.

Chairman CRANSTON. Except for demonstrated hardship, basic education opportunity grants, the guaranteed student loans and various other programs available through the Department of Education. Naturally, they compare those options to the contributory VEAP, and the choice becomes simple. The Department of Education is more attractive.

Are the experiences of the other branches similar to that number of the Army?

General TICE. I will have to give you an assessment of that for the record.

[At the time of printing, the requested material was not submitted.]

Chairman CRANSTON. Would you do that, please? The Non Commissioned Officers Association in their testimony discussed a number of inadequacies in VEAP, including the requirement that if an individual disenrolls from VEAP participation, his or her access to contributed funds is denied until the completion of an initial term of enlistment.

Is this in your opinion a real problem?

Dr. DUEITT. Is it true that individuals are not allowed to withdraw their money until the completion of their term of service?

It was my understanding that individuals could withdraw their funds from the VEAP program but that they would receive no interest under such circumstances.

Chairman CRANSTON. Except, for demonstrated hardship, that apparently is the way it is applied. Does that create a problem?

General TICE. I would say yes.

Chairman CRANSTON. In terms of discouragement?

General TICE. Yes, sir.

Chairman CRANSTON. One of the suggestions which has been discussed is the inability of the servicemember to make a lump-sum contribution—for example, all or a portion of his or her enlistment bonus—to VEAP.

Would you believe that the VEAP program would be made more attractive or more meaningful and effective by permitting lump-sum contributions?

Dr. SINGER. Mr. Chairman, I think that that sort of flexibility would go in the direction of efforts that we would like to support.

My own view is that that increasing members' options along those lines, as well as increasing their options with respect to monthly contributions over the course of their term of service, would all be salutary improvements in the program. But as I said before, we have no real way to know to what extent that would have an effect on members' behavior. We would like to try it.

Chairman CRANSTON. In January 1979, the Department began testing the so-called VEAP kicker in order to evaluate the cost effectiveness and relative appeal of expanded VEAP incentives.

Would you summarize your conclusions drawn from this test briefly?

General TICE. We really, Mr. Chairman, have not come to a firm conclusion. In the report that we will send you in the next couple of weeks we touch upon that aspect, but we have no conclusive evidence that even the VEAP kicker at the level we are making that contribution has had any radical impact on the participants.

Chairman CRANSTON. Dr. Dueitt, would you expand on the Army's experience?

Dr. DUEITT. I would like to introduce Lieutenant Colonel Reth. He is our expert on VEAP. Perhaps he would elaborate for us.

Colonel RETH. I agree with the comments made by General Tice that the VEAP kicker has had no discernible effect, only a marginal effect on that.

Chairman CRANSTON. The VA refers in its testimony to a number of concerns it has with respect to improvements in VEAP such as modifying the maximum/minimum contribution and paying interest on contributions.

What do you think of those concerns?

General TICE. I think to make the educational incentive more attractive we are all kind of striking out into areas that will give us greater flexibility in the hopes that we could have a fair assessment as to whether the contributory educational incentive is going to work.

I would suspect that their concerns may not be supported any more strongly than our comments about having this additional flexibility. We think that the basic element there is one of the contributory aspect of this system and that is why the Department

of Defense will be coming forward to you with a program of non-contribution on the part of the soldiers.

Chairman CRANSTON. Thank you. In 1976, in conjunction with the enactment of the VEAP program, DOD indicated that it supported the administration's request for a complete termination of the GI bill.

The Department stated that "A peacetime GI bill is not a cost-effective enlistment incentive." Has the Department modified its thinking about the cost effectiveness of postservice educational incentives?

Dr. SINGER. The short answer is no, but I would like to give you a slightly longer answer if I may.

We recognize that the GI bill would confer different categories of benefits. There would be benefits that would accrue from the program as a social program in the way that Senator Warner described in his testimony.

We in the Defense Department are not particularly well positioned to comment on those benefits and we would prefer not to offer any evaluation of the program's merits in that respect.

In addition, we believe that such a program would have some recruitment and perhaps some retention benefits, although the latter would depend on the particular design of inservice use provisions. While we think that those recruitment effects would be real, we think that there are more effective programs that would produce similar effects. It is in that sense that we would not endorse return to the GI bill as a Defense program at this time.

It is not that we think it would not have an effect on recruitment. It is that we think it would come at too high a price.

Mr. STEINBERG. To what do you attribute the disproportionately large enlistment rate for the month of December 1976, other than the attraction of benefits under the current GI bill which was expiring at the end of that month?

Are those people that in your judgment would have come in in any event and just accelerated their schedule?

Dr. SINGER. Mr. Steinberg, I would have to offer a nonanswer to the question, largely because I don't have the data at my fingertips that would let me assess the extent to which whatever fluctuation that occurred then was far beyond the bounds of normal monthly or annual fluctuations in the recruiting patterns.

Mr. STEINBERG. Several of the witnesses who will testify later make that point in their prepared testimony. Perhaps you could look at those data and give us a response for the record and also indicate whether any effort was made in any of the services or by the Defense Department to attempt to find out from the people who signed up whether they were just accelerating a career plan that they otherwise might have had or whether they actually made the decision to enter based on the ability to get this benefit.

Dr. SINGER. I will be happy to try to supply that analysis for the record.

[Subsequently, the Department of Defense submitted the following information:]

There is little doubt that many of the individuals who enlisted in December 1975 were motivated to do so in order to qualify for GI Bill benefits. Unfortunately, we have no data to indicate if those persons already planned to join the Services and

merely accelerated their timetable because of the pending expiration of the GI Bill, or if they were attracted solely by this educational entitlement.

Dr. SINGER. If I may offer a comment which is not directly germane but bears somewhat on the question, our experience with surveying members on their attitudes suggests that it is not always the most accurate way of figuring out what they are doing, why they are doing what they are doing.

Chairman CRANSTON. It seems to me we have to be concerned about the overall attractiveness of any educational incentive for the All-Volunteer Force vis-a-vis the current Vietnam-era bill, that is, should we be providing postservice educational benefits for those who volunteer for peacetime service greater than those given to those conscripted who served in combat?

Does the Administration share these concerns, especially at a time when some Vietnam veterans continue to maintain that educational benefits for Vietnam veterans have been inadequate and should be improved?

Dr. SINGER. Our view, Senator, of the proper level of educational incentives today is that the benefit should be determined by our recruiting needs. We are not prepared to impose constraints on the level of benefits because of programs that might have existed in a previous era.

As noted, the military service environment today is very different. The package of recruiting incentives is quite different from what it was in earlier years. The availability of higher education programs from other Federal agencies is far different from what it was then, and our personnel needs are very different from what they were then. I think that we would prefer to design programs that would meet today's needs and try to adjust those programs to reflect equity with previous generations of service by improving the administration of programs for the earlier service veterans.

Chairman CRANSTON. I can understand that viewpoint from the point of view of DOD's needs and how to meet them. The issue does raise serious questions of equity that we cannot ignore.

It is my understanding that if an educational incentive program is successful in promoting increased recruiting and retention, there will be substantial savings in DOD as a result of lower recruiting, training, and attrition costs.

Do you agree with that?

Dr. SINGER. I agree with the proposition that there would be savings. I am not prepared to address how substantial they might be. It is very difficult for us to get a handle on what one might think of as the full costs associated with an entering recruit.

Chairman CRANSTON. You can't really estimate?

Dr. SINGER. I can't really estimate.

Chairman CRANSTON. What would you think is an acceptable attrition rate?

Dr. SINGER. I think an acceptable attrition rate is one that will permit us to meet our force manning needs with the recruits we can attract and retain.

I don't think that there is an absolute number, nor do I think that it is particularly useful to think of an absolute number because the supply and the demand conditions that we face change frequently.

Chairman CRANSTON. Does the Army have any present estimate of what an acceptable attrition rate is?

Dr. DUEITT. No, sir. We have no quantification at present. Naturally, we would like to keep it as low as possible.

General TICE. I think, Mr. Chairman, as we saw in the volunteer era, there was a tendency to see an increase in the attrition rate, and I think that manifestation is probably brought about by two views. One is that if the individual is on a voluntary basis, has some difficulty early on with his service, we would be more inclined to let him out than we would be if he was forced in by the draft.

Now that may seem illogical, but I think that at the unit level that is very possible to assume that thought process.

Dr. SINGER. Excuse me. May I follow on that one comment? Lest you think my earlier answer either evasive or facetious, neither of which was intended, let me offer the observation that we have in fact urged the services to reduce their attrition rates, and the services have been quite successful in reducing attrition over the past 5 years.

I believe that first term attrition rates have fallen by the order of magnitude of a third during that time, and we anticipate further improvements over the next few years.

Chairman CRANSTON. There are a number of proposals that incorporate so-called two-tiered approaches to the accrual of educational benefits whereby basically the longer the servicemember stays in the service, the more attractive the benefits become.

What are your views on this approach as a retention device?

Dr. SINGER. Let us provide it for the record, please.

Chairman CRANSTON. All right.

[Subsequently, the Department of Defense submitted the following information:]

The Department feels that a program of educational benefits that increases as time-in-service increases would be difficult to administer. Recognizing, however, the retention appeal of this type of program, the Department included in the test program described in the testimony several features to accomplish this end. Both the cash-out and transfer provisions would increase the attractiveness of educational benefits to service members who increase their tours of duty. Such provisions, the Department feels, would act as retention incentive for members in the Service.

Chairman CRANSTON. As you point out in your prepared statement, the Senate Armed Services Committee is reporting legislative authority for an educational incentive initiative.

My understanding of that authority is that although it is loosely structured, the committee's intent is to permit the services in a 1-year pilot test to evaluate certain modifications of VEAP.

Are you familiar with the details of the Armed Services Committee proposal and the committee's intent?

Dr. SINGER. I think we are familiar with its intent, but not the details of the proposal. Our understanding of the proposal with respect to VEAP is that we would be authorized to conduct a test of a noncontributory VEAP program. We would hope to conduct that test in conjunction with the so-called VEAP kicker, which would produce a level of benefits for an entering recruit roughly at the level that I described as under consideration in my prepared statement. So, I think that if our understanding of the Armed

Services Committee's intent is correct, that bill would give us the flexibility that we seek to carry out the test that we have in mind.

Chairman CRANSTON. One of the concepts the Armed Services Committee's proposal apparently would test is the effect of the service making the servicemember's VEAP contribution on behalf of certain servicemembers whose skills and terms of service are determined to be most needed.

How would the Department determine eligibility for this test and approximately how many service members would be involved?

Dr. SINGER. The way that we would determine eligibility I would hazard a guess is the way that we now determine eligibility for bonuses for enlisting. That is there is a determination of critical skills made by the individual service, and that definition varies with time. The levels of benefits vary with time as well.

As for numbers of individuals, I am afraid I can't give you an answer. My impression is that we now offer bonuses to substantially less than half of the force. I would prefer to provide information on the numbers.

Chairman CRANSTON. Would you do that for the record?

[Subsequently, the Department of Defense submitted the following information:]

Enlistment bonuses are offered to high school graduates who enlist in selected critical skills (primarily combat or combat related) for a period of 4 or more years. Approximately 10 percent of all non-prior service accessions receive an enlistment bonus although in some skills 70-80 percent of those eligible opt for a bonus. We recently submitted a legislative proposal which would increase the maximum award level and eliminate the need for a 4-year enlistment. Enactment of these provisions would provide the Department with greater flexibility in developing an effective enlistment bonus program.

Chairman CRANSTON. The proposal made by the Armed Services Committee and the proposal passed by the House, H.R. 6974, call for a 1-year test.

Do you believe this is a sufficient time period in which to test proposals of this scope, especially since the Department has not made any final conclusions on the VEAP kicker test and since the Department's recommendations with respect to the continuation of VEAP beyond 1981 will need to be submitted prior to the termination of the test?

Dr. SINGER. I suppose that we could take it a year at a time. I think that we would be willing to accept a 1-year test and if it turned out at some point in the course of the test that we could not anticipate having conclusive results by the termination, we could seek an extension.

My personal view is that a year is an awfully short time for something like this, but it doesn't necessarily foreclose its usefulness.

Chairman CRANSTON. Which agency do you believe should administer any program of educational assistance benefits primarily focused on postservice use, the VA, or the Department of Defense?

Dr. SINGER. We favor administration with the Veterans' Administration. We would seek, as I indicated earlier, to coordinate programs with them as we have in the administration of VEAP, but we have not reached final agreement either with VA or with other agencies on the details of the test program that we have in mind.

Chairman CRANSTON. One of the proposals under consideration is the concept of transferability of educational benefits from the servicemember to his or her spouse or children.

What impact do you think this would have on recruitment and retention?

Dr. SINGER. Mr. Chairman, I alluded to that in my prepared statement. We support such transferability, but for members who have made what we think are career commitments. For those members we think that there could be quite a beneficial retention effect from transferability.

Chairman CRANSTON. If given the opportunity to test transferability, how would the Department propose implementing that authority?

Dr. SINGER. Well, our current thinking is to provide it as an entitlement for members who commit to the 12-year point. That was mentioned in my statement.

Chairman CRANSTON. When would the transferability actually occur then?

Dr. SINGER. The transferability would accrue to the member once he had made a commitment which would carry him through 12 years of service. If someone enlisted in 4-year blocks, he would have transferability after the 8-year point.

Mr. STEINBERG. Let me follow up on that for a moment. Are you suggesting that the actual transfer could occur as early as the first year or only after the fourth year in terms of the commitment that is made to a 12-year term?

Dr. SINGER. Our notion is that the transferability would be the member's right once he had made the commitment to take him through the 12-year point. That would not be until the member had passed say the 8-year point, depending on his service branch, so that transferability would not be available to members generally in their first or second enlistments, but would only become available to members who have already accrued substantial honorable service.

Mr. STEINBERG. In order to test the importance of that as a retention device, you would be questioning people during the 1 year as to the extent to which transferability was important to them since obviously you would have no experience in use of transferability?

Dr. SINGER. That is correct.

Mr. STEINBERG. Thank you.

Chairman CRANSTON. Later on we will hear from a number of service organizations. Among their concerns is the effect that the awarding of selective discretionary educational benefits, especially the awarding of such benefits to dependents, would have on morale.

The National Association for Uniformed Services urges that persuasive arguments be produced by proponents of transferability that such incentives are better than cash reenlistment bonuses.

What persuasive arguments, if any, do you have in this regard?

Dr. SINGER. The most persuasive argument I can offer you is that not to offer such benefits would serve as a separation incentive for some class of individuals. We view that possibility with real alarm.

It is simply a question of the numbers, I think, rather than the direction in which that incentive would work.

The point is that when a member enlists and obtains the right at some point to use those educational benefits, there is no further substitution of those benefits for cash. That is, we cannot substitute a reenlistment bonus for those educational benefits.

The only question is whether he can eventually make use of those benefits in his own career. To limit his use clearly creates some sort of separation incentive compared to a situation in which we would permit transferability.

Chairman CRANSTON. Why doesn't DOD share the concerns of the military service associations with respect to transferability in terms of morale?

Dr. SINGER. I guess we think that transferability would have a positive effect on morale by improving the value that a career member saw in this particular provision.

Perhaps the Army would like to comment on that.

Chairman CRANSTON. I guess the concern is about those to whom transferability is not extended.

Dr. SINGER. We now offer a large variety of compensation packages to members in different personal circumstances. This would be another such dimension along which compensation packages would vary.

I see no difference between this and other particular elements of compensation systems.

Chairman CRANSTON. Have you given any thought to the proposal as articulated in the testimony of the Fleet Reserve Association of requiring a commitment of military or national service on the part of the dependents to whom the servicemember's benefits are transferred? Wouldn't this perhaps deal with some of the concerns that have been raised in that area?

Dr. SINGER. I confess we have not given attention to that suggestion. We would have to do so.

Chairman CRANSTON. Why don't you explore that? Could you give us a response for the record?

Dr. SINGER. Yes.

General TICE. Yes, sir.

[Subsequently, the Department of Defense submitted the following information:]

The Department, at this time, believes that the servicemember who wishes to transfer his earned education benefit to a dependent should be allowed to do so without incurring additional obligations on the part of the dependent receiving the benefit. The benefit has already been earned by the member and, as in the member's use of monetary bonuses, no additional stipulations should be put on his use of education bonuses.

Chairman CRANSTON. It seems to me that the same argument can be made with respect to a cash out as is made with respect to transferability, that is, what makes this different than a cash bonus?

Dr. SINGER. I think my response would be the same, that not to offer the cash out would provide a separation incentive for a certain class of individuals, and we feel that it is an unfortunate policy for the Defense Department to pursue.

Chairman CRANSTON. You indicated in your statement that one of the features of your proposal for a test is the noncontributory program of educational incentives available for inservice use.

How would this program differ from current tuition assistance programs offered by DOD?

Dr. SINGER. I am afraid I can give you two answers, neither of which will be very satisfactory. One is that since we have failed to flesh out fully the details of our test program and coordinate it completely with other agencies, I can't tell you exactly how the inservice use provisions would operate.

The other answer is that current inservice programs vary widely and I am not sure to what extent we would be able to match or want to match specific provisions that are now in effect.

I would prefer to defer an answer until such time as we have been able to detail our test program more completely. At that time I will be happy to provide the answer.

Chairman CRANSTON. What criteria are presently used for determining eligibility for and amount of tuition assistance programs in the military?

Dr. DUEITT. At this time, anyone wishing to pursue college courses off duty may do so with 75-percent tuition assistance at the undergraduate level.

Chairman CRANSTON. Without regard to the amount of tuition?

Dr. DUEITT. That is correct. The program provides 75-percent tuition assistance without regard to the number of hours taken or total amount of tuition.

Chairman CRANSTON. With respect to inservice pursuit of programs of education, do the service branches encourage such pursuit and is adequate time available for the service member to pursue really meaningful programs to further his or her education?

General TICE. I think that I alluded to that question earlier. We certainly encourage educational improvement on the part of all service personnel, but as you know, Mr. Chairman, a lot of opportunities today, unfortunately, is on the luck of the draw. If you are deployed in the Persian Gulf, if you are in a unit that spends lots of time in the field, there are some difficulties which arise that forces an individual not to seek these options.

On the other hand, with the rotational base that we have, you may be on the next assignment in a stationary situation where you can pursue these educational opportunities.

Chairman CRANSTON. Your reference to making educational benefits relate to the cost of a college education appears to be a variation of a tuition assistance approach.

Who would be eligible for such assistance?

Dr. SINGER. Mr. Chairman, I don't think that we would condition the level of benefit on the amount of tuition. We would prefer to establish a benefit level based upon some broader average experience and then let individual members choose their educational programs as they would.

Eligibility would, of course, be determined on the basis of critical skills.

Chairman CRANSTON. How would you deal with the difference in benefits provided to an individual who wants to attend a local

community college and an individual who wants to attend Harvard?

Dr. SINGER. The person who wants to attend Harvard is probably going to have to bear a substantial fraction of the cost himself. We hope that it would be possible for the person who wants to attend a community college or public university or some other institution to finance at least the great bulk of his attendance through his earned educational benefit.

Chairman CRANSTON. Would this benefit include a subsistence allowance?

Dr. SINGER. We would include some minimal subsistence allowance in our calculation of benefit levels, but we would not pay subsistence explicitly. We would instead pay the members a total amount they could allocate.

Mr. STEINBERG. Dr. Dueitt, you referred to a 75-percent tuition subsidy now. Would that program continue to be available in addition to the test program that we have been discussing?

Dr. DUEITT. Yes. I think it would have to be. Currently the 75-percent tuition assistance program applies to everyone, whereas the test that Dr. Singer proposed would be targeted on a few individuals in critical skills. Basically, he is proposing an additional recruiting bonus.

That is quite different from our across-the-board 75-percent tuition assistance program.

Mr. STEINBERG. If the individual wishes to take courses at Harvard, he could take advantage of that particular benefit?

Dr. DUEITT. I would think not since we don't have any Army installations located near Harvard. Most of the time the individual would be attending courses provided on the military post by various universities. All of these programs are under the scrutiny of the services. Thus, there is little opportunity for abuse in the use of tuition.

Mr. STEINBERG. Could you provide us for the record with some description of the ranges of amounts that you are paying in tuition under that 75-percent program?

Dr. DUEITT. Yes, we will be happy to do so.

[Subsequently, the Department of Defense submitted the following information:]

The average cost of the 75 percent tuition program is \$48 per semester hour within a range of \$10 per hour to \$150 per hour. This range is dependent, at least in part, on course content, institution conducting course, and geographical location of the class site. A course conducted in Europe will cost more than a similar course conducted in CONUS. This is partially attributable to the fact that states subsidize some institutions in CONUS.

Chairman CRANSTON. It sort of appears that the features of the test that you outlined vary from both the proposal that has passed the House and the Senate Armed Services Committee's proposal.

Under what authority do you propose to carry on the test?

Dr. SINGER. Mr. Chairman, I think that our test is consistent with the proposal of the Senate Armed Services Committee as we understand it.

I confess that we have not had a chance to see the language that the Senate Armed Services Committee has prepared, and thus I must reserve an answer to that question until we have been able to see that language. But as between the thrust of the Senate Com-

mittee and the House Committee proposals, our test is clearly more consistent with the Senate approach.

Chairman CRANSTON. Wouldn't certain modifications in the VEAP authority facilitate the test?

Dr. SINGER. Certain modifications?

Chairman CRANSTON. Yes.

Dr. SINGER. Modifications that would, for example, permit us to pay members' contributions would facilitate the test.

Mr. STEINBERG. Do you believe that such a change in the VEAP authority would be necessary in order for you to carry out the test?

Dr. SINGER. The Senate Armed Services Committee bill, as we understand it, would give us that authority on a 1-year basis. At this point that is all we are seeking. We would not propose a permanent change of VEAP authority at this time.

Now, of course, the entire issue of VEAP continuation will be reconsidered in the course of the next year. We would like to have the experience of a contributory VEAP to add to our evaluation of the program.

Mr. STEINBERG. We will discuss this with the VA witness, but the question is whether we need to make modifications in title 38 with respect to the requirement there that the member contribute or whether or not there would be some overriding, subsequently enacted law—such as what the Armed Services Committee is proposing—which would fill that gap.

Dr. SINGER. I see the question. I am not competent to answer it. I think that is a legal issue, as I understand the question.

Mr. STEINBERG. We occasionally have to confront those issues.

Chairman CRANSTON. Dr. Dueitt, would you comment on how the needs of the Army in terms of educational incentives differ from the needs of the other branches?

Dr. DUEITT. Certainly. We in the Army are different from the Air Force, and somewhat different from the Navy in that we have many combat arms specialties that are not readily transferable to the civilian community. Therefore, the Army needs a more attractive education program to help these individuals who return to civilian life, to prepare them for economic self-sufficiency when they return to the civilian sector.

It seems that the Air Force skills have much higher civilian transferability than do those of the Army.

Chairman CRANSTON. A number of proposals such as S. 2020 would make a distinction on the basis of critical versus noncritical military skills.

Would you comment on the feasibility of such a distinction in terms of the administrative problems that it might present?

Dr. SINGER. Mr. Chairman, I think those administrative problems are similar to those that are resolved regularly under the bonus programs. It is an administrative burden that we are only too happy to take on in view of the gains that we receive in terms of efficiently managing our personnel force.

Chairman CRANSTON. Your testimony does not include any discussion of the two proposals pending before this committee, S. 2020 and S. 2596. Would you submit agency views on those measures for the record?

General TICE. Yes, sir.

[Subsequently, the Department of Defense submitted the following information:]

The Department of Defense supports the education incentives test program as outlined in the testimony. The Department, at this time, does not wish to begin any new education program similar to the GI Bill until the current education program (VEAP) and the program to test additional educational incentives have been completed and analyzed. The Department would not support appropriating Defense funds for educational benefits at the outlay levels that would result under these bills.

Chairman CRANSTON. We seem to be the closest to a consensus among various parties on the concept of requiring completion of a minimum period of service as a condition of eligibility.

However, that concept is complicated by the minimum enlistment periods in the various branches, that is, for example, 2 years in the Army, 4 years in the Air Force.

What suggestions do you have about that problem?

General TICE. Obviously we will have to have a consistent option there to make one eligible for these benefits. That could be satisfied by modification of the legislation to speak of years of service as opposed to enlistment terms.

Chairman CRANSTON. To what extent is DOD prepared to assume the cost of a postservice educational program?

Dr. SINGER. To the extent that it is implicit in our test program, we recognize that the benefits would accrue to the Defense Department in terms of manning the force, and we are prepared to accept the costs of that program.

With respect to broader entitlements of the sort that the Armstrong bill would provide, I think our position at this time is we are not prepared to accept those costs.

Mr. STEINBERG. Was your testimony earlier, where you deviated from the prepared remarks, about the accrual funding that during the period of such a test program you would expect to have appropriated the amount of money that you would be obligated to pay out perhaps over 20 years or somewhat less as a result of enlistments during that period?

Dr. SINGER. Yes. That is exactly right.

Chairman CRANSTON. The DAV has suggested in their testimony that DOD be responsible for all necessary funding of a peacetime GI bill, including the costs of benefits and the VA's administrative costs.

Could you comment on that recommendation?

Dr. SINGER. Mr. Chairman, I think that that falls into the category of the program that I described earlier as not cost effective in our view. We would not support that approach.

Chairman CRANSTON. Legislation has been introduced to require that in order for an individual to be eligible for present veterans' benefits under title 38 he or she must complete at least 18 months of an initial enlistment.

The assumption made here is that some individuals are entering the service for the purpose of establishing eligibility for such benefits based on only 6-months service. The only benefit that can be earned by such service by a peacetime enlistee who is not service-connected disabled is VEAP benefits, home loan benefits, and limited health-care eligibility. I think it is inconceivable that these veterans' benefits are attractive enough to create the incentive for

entering peacetime service, and that if this is occurring, there is a possibility that military recruiters are misleading enlistees as to the benefits they would earn.

Do you have any comments on that?

General TICE. I would be most surprised if recruiters were falsely promoting veterans' benefits in the way you describe, Mr. Chairman.

Chairman CRANSTON. Fine. Do you have any indication that there are individuals who have enlisted in the Armed Forces but who have failed to complete their initial enlistment period and have left the service early solely for the purpose of taking advantage of their VEAP benefits?

General TICE. We have no historical data on that, sir.

Chairman CRANSTON. Do you have any evidence such persons left early solely to obtain VA health-care eligibility?

General TICE. No, sir, we would have no information on that.

Chairman CRANSTON. Any reason to believe that people are enlisting in the Armed Forces with no intention of completing their enlistment period in order to establish entitlement to any veterans' benefits?

General TICE. I don't think that we would take a swag at that one, sir.

Chairman CRANSTON. You don't have any reason to believe that is the case?

General TICE. Well, it would be awfully hard to ascertain that. You might get a gut feeling from a survey. We do interview most individuals leaving the service, but I don't recall seeing that response as one of those primary reasons for leaving early.

Chairman CRANSTON. Do you have any comment on that from the Army's point of view?

General JOYCE. I have never in a number of years in the personnel field encountered any substantiated case of that, and I have never heard of it on any sort of a scale either.

General TICE. We will be glad to take a look and see what might be available to respond to those questions for you, sir.

Chairman CRANSTON. That would be helpful.

I would like to say that it seems to me that the educational approaches being proposed are well intended but I think rather hurriedly and haphazardly conceived, and that, if enacted, we will further down the road regret not having proceeded more carefully.

I want to stress again that I am deeply committed to the All-Volunteer Force. I want to make it work. I want to do everything conceivable and practical to make sure that we have made every effort to make it work before there is any effort to abandon it.

I am ready to do all I can to assure that military service in this country is made attractive to high-caliber young men and women because I know we need high-caliber young men and women in the services, yet I am apprehensive that if a 1-year test is not well thought out and is not implemented and administered in the most efficient possible fashion, 1 year from now we will be just fanning the fire for those who would discard the volunteer approach. They will say "See, it didn't work. We told you it wouldn't. Now let's go back to the draft."

I wouldn't want to go so far as to suggest that is anybody's hidden agenda, but clearly that is a risk if this test fails, and I don't want to see the test fail. I want to see it given every opportunity to work, and I want to make sure that we have a test that is carefully thought out and then well administered.

The very clear executive branch lack of consensus on all of this would, I think, almost inevitably lead to a failure.

What are your comments on that?

Dr. SINGER. Senator, let me assure you that failure of the All-Volunteer Force is most certainly not on our hidden agenda either. I am most concerned and interested in your comment that you think the provisions of this test are ill conceived or hastily thought out, and I would like the opportunity to consult with your staff, the Committee staff, at some later date to get more specifics on ways in which this test might be modified to fit more closely with your notions.

Beyond that, as far as being in a position a year from now of no greater information than at present, should that prove to be the case, and I would hope it not be the case, then I think we would have no hesitation in asking that the test be continued until such time as we had adequate information on which to base some permanent legislative program.

I think that it is premature at this point to seek permanent legislative authority. We don't have a good idea of what programs would work. We do have very real concerns about finding a workable and effective program that we can afford and it is with an eye toward developing such a program that we have proposed this test.

As far as we are aware, that is the agenda of others who are supporting expanded educational incentives. We wish to look at all of their programs. If it should prove that a broader program will be more effective than we currently anticipate, then we will be only too happy to rethink the question of whether we should support a larger scale educational effort.

Dr. DUEHR. If I might add a further comment concerning a broader program that would be clearly akin to the traditional GI bill, it might be appropriate to have a number of agencies participate in the funding process rather than having the Defense Department shoulder the entire burden—if I may speak personally on this.

Naturally there is some hesitation for us to say that we would want this as a retention and recruiting incentive because it is hard to prove that it is cost effective;

However, when you look at the payoff for the entire Nation in terms of promoting good citizenship and rewarding patriotism, and in teaching young people to earn their way in life rather than expecting something for nothing, then it becomes much more appealing from a national, as opposed to a Defense perspective.

Chairman CRANSTON. If we are going to have an effective test, it seems clear that we need to have the cooperation and active participation of all of the branches of the armed services.

I also don't see how a 1-year test can prove very much. Just as one example, if we have 8-percent unemployment through this year, we are not going to learn very much that is relevant to what

would be the situation when unemployment got down to 5 percent. We have some hard work to do together to figure all this out.

General TICE. We would agree, Mr. Chairman.

Chairman CRANSTON. Can we have your assurance that in working with us all the services will be participating?

General TICE. Yes, sir.

Chairman CRANSTON. Thank you very much for your helpful testimony.

We will now go to Guy H. McMichael III, General Counsel of the Veterans' Administration. Mr. McMichael, we welcome you.

Mr. McMICHAEL. It is a pleasure to be here again.

Chairman CRANSTON. If you can be brief, we would appreciate it.

Mr. McMICHAEL. I shall attempt to do so.

TESTIMONY OF GUY H. McMICHAEL III, GENERAL COUNSEL, VETERANS' ADMINISTRATION, ACCOMPANIED BY GEORGE E. ARNSTEIN, SPECIAL ASSISTANT TO THE GENERAL COUNSEL

Mr. McMICHAEL. I am pleased to be here today, and I will submit my entire statement for the record so that you might have some more time for questioning.

Let me say that I associate myself with your remarks that this is a very complex subject, and that we must proceed with a fair degree of thought before we rush into something that may have consequences that we have not intended.

I think all of us have personal examples of rushing into programs without adequate forethought that have later proved to be a problem.

It seems that the first question is, What are our objectives? I think the testimony that just concluded indicates that defining what our objectives are with respect to these programs is important.

As you know, educational assistance benefits have been provided to over 17 million veterans—the World War II, Korean conflict, post-Korean and Vietnam-era GI bills—and those bills have had as their objective to provide readjustment assistance to individuals who served in wartime or during a period in which the draft was in effect.

As you also know, the administration recommended, and there was considerable support in Congress in 1976 for completely terminating the GI bill. I might say that it was principally this committee which had second thoughts about the advisability of simply terminating all GI bill programs that produced the post-Vietnam-era educational assistance program known as VEAP.

Consistent with the fact that we were not at war or in a period in which the draft was in effect, it did provide for scaled down benefits and did require contribution on the part of the service members.

When the committee authorized the VEAP program it did say in its report that the Nation needs to provide some form of readjustment assistance to those who served and will serve in the Armed Forces. I assume that continues to be an important objective of the program.

As you know, three basic purposes are enumerated in chapter 32—first, to provide educational assistance to men and women who

enter the Armed Forces after December 31, 1976; second, to assist young men and women in attaining an education they might not otherwise be able to afford; and third, to promote and assist the all-volunteer military program by attracting qualified men and women to serve in the Armed Forces.

I might say that they are very similar to the objectives of the regular GI bill with the exception of those provisions dealing with disruptions caused by the draft.

The VA has been evaluating the chapter 32 program which in effect really has been a 5-year test program, and I think we have some pretty good ideas of what is and what is not working.

The overall participation rate at least through calendar year 1979 stands at 25 percent. It also shows that while 233,000 have participated in the program, 81,000 have terminated their participation and 17 percent have received a refund of their contributions.

Most disenrollments are occurring before separation from service. Married service personnel have been contributing at a significantly lesser rate than their single counterparts, and moreover as the number of dependents increases, the likelihood of participation diminishes. These statistics suggest to us that economic reasons are prompting the decision not to participate in the program.

It is our recommendation, Mr. Chairman, that Congress defer action on any new education program until such time as we have completed our studies. As you know, we have to make recommendations to the President who must make recommendations before next June on the current program. We believe that a somewhat more thorough examination will allow us to examine what our specific objectives of the program are, which agency or agencies should bear the cost of administration of the program, how it relates to other educational assistance programs, and finally, how it will fit into the fiscal year 1982 budget which we submitted in January.

These all, it seems to me, are important considerations that must be examined closely by Congress.

You have asked us to report on S. 2020 and S. 2596. I won't go into details other than to indicate that we have a number of questions about them. They deal with questions about the form and amount of benefits, differing amounts of benefits for differing occupational skills, types of discharges that qualify you, length of service that is required in order to qualify, who pays, whether it is DOD or VA, whether there should be subsistence allowance while in the service. We also are concerned about whether the benefits are more generous than for wartime Vietnam combat veterans and about what types of training are authorized or ought to be authorized?

We note one bill would not authorize OJT or vocational training, and finally; have questions about how schools are approved. All of these raise very important questions which we believe have to be thoroughly considered both within the executive branch and within Congress before embarking upon any major new program.

That concludes my statement. I will be happy to respond to any questions you may have.

Chairman CRANSTON. Thank you very much.

[The prepared statement of Guy H. McMichael III follows.]

PREPARED STATEMENT OF GUY H. McMICHAEL III, GENERAL COUNSEL, VETERANS' ADMINISTRATION

Mr. Chairman and Members of the Committee: We appreciate the opportunity of appearing before you today to review with you where we stand with regard to the contributory education program which is jointly administered by the Department of Defense and the Veterans' Administration, other problems confronting the Administration in conjunction with educational assistance for the Armed Forces, and to provide you with our views on two measures (S. 2020 and S. 2596) which propose new educational assistance programs for service personnel.

Before turning to the specific measures before you, it should be noted that this nation has provided educational assistance benefits for approximately 17 million veterans through the World War II, Korean conflict, and post-Korean and Vietnam-era GI Bills. These programs, as you are well aware, were enacted to provide readjustment assistance to those individuals who served in wartime or during a period when the draft was in effect.

With the termination of the Vietnam era, Congress considered what type of educational assistance program, if any, should be provided to individuals serving in the all volunteer military forces. The result was the enactment of the "Post-Vietnam Era Veterans' Educational Assistance" program which was included in Public Law No. 94-502, and which took effect January 1, 1977. Since all three versions of the GI Bill were enacted while we had national conscription, it is not surprising that for peacetime and for the new All-Volunteer Armed Forces there was enacted a scaled-down education program known as the Veterans Education Assistance Program (chapter 32 of title 38, United States Code).

This is a program under which the service individual contributes between \$50 and \$75 per month from his or her service pay up to a maximum of \$2,700 and under which the Veterans' Administration will contribute \$2 for each \$1 invested by the servicemember when he or she wishes to utilize the benefits—during or following service. In addition, the Secretary of Defense is authorized to contribute such amounts as the Secretary "deems necessary or appropriate to encourage persons to enter or remain in the Armed Forces." These contributions have come to be known as the DoD "kicker."

In adopting the program the Congress noted in the Committee Report accompanying the bill (S. Rept. No. 94-1243) that "the Nation needs to provide some form of readjustment assistance for those who serve and those who will serve in the Armed Forces."

As stated in the first section of chapter 32 of title 38, the contributory program has three basic purposes: (1) To provide educational assistance to those men and women who enter the Armed Forces after December 31, 1976; (2) to assist young men and women in obtaining an education they might not otherwise be able to afford; and (3) to promote and assist the all volunteer military program of the United States by attracting qualified men and women to serve in the Armed Forces.

The question of what steps should be taken to provide greater incentives for increasing and maintaining the size of our Armed Forces is quite complicated. It involves such concerns as whether to extend and expand the current contributory education program, how our Armed Forces are to be structured, the tie-in with other remuneration of our Armed Forces, and budgetary considerations, among others. Obviously, this is a matter of serious concern to us all, particularly in these days of heightened international tensions.

The Veterans' Administration and the Defense Department have been actively evaluating the effectiveness of the chapter 32 contributory educational assistance program so that the President will be able to make a recommendation before June 1, 1981, as required by law, as to whether it should be continued or modified. The early indicators show certain problems about the program in its present form. Some of the problems were indicated to the Congress in our third annual report on this program, submitted last month, which also contains the most recent statistics available to us. They show that overall participation in the program through calendar year 1979 stands at 25.1 percent. These figures also show that, while 201,723 individuals have participated in the program, 65,228 (32.3 percent) have terminated their participation and, of this number, 32,822 (17 percent) have requested refunds of their contributions. Additional information reveals that, through December 1979, 470 individuals have received benefits under the program—two-tenths of one percent of the total participants. Additional participation is expected as servicemembers complete their first enlistments.

Most disenrollments are occurring before separation from service, and married service personnel have been contributing at a significantly lesser rate than their single counterparts. Moreover, as the number of dependents increases, the likeli-

hood of participation diminishes. These statistics suggest that economic reasons are prompting the decision not to participate in the program.

We believe it should be emphasized that, in creating the contributory program, the Congress enacted what might be termed a "pilot program" in that it provided in the law that the program should run only for a 5-year period (January 1, 1977-December 31, 1981) unless the President, before June 1, 1981, submits to the Congress a written recommendation that such program continue to be open for new enrollments.

It is our recommendation at this time that the Congress defer action on any new education program until such time as we have completed our studies and the President has made decisions about the current program. This will allow a thorough examination of the specific objectives of any potential new program, which agency(ies) should bear the cost of administration, how it relates to other educational assistance programs, and finally, how it will fit into the fiscal year 1982 budget to be submitted in January.

Mr. Chairman, you have requested our views on two measures which would establish new educational programs for service personnel (S. 2020 and S. 2596). I would preface my remarks on these bills with the caveat I have already presented to you, namely, that any new program to revise or replace the current chapter 32 program or to provide a new GI Bill program for preactime veterans must be thoroughly studied. We note that a number of significant departures from previous GI Bill programs which require serious study and consideration by Congress and the executive branch are included in these measures. It should be noted that some of these measures, including the White Amendment to H.R. 6974 which was adopted by the House on May 15, 1980, would provide more generous benefits for peacetime volunteers than for wartime Vietnam veterans.

S. 2020 would provide a new educational assistance program designed to induce enlistments and reduce attrition rates in the Armed Forces. The Veterans' Administration would administer the new program, but the appropriations and expenditures would be functions of the Department of Defense.

Under the bill, an individual who enlists or reenlists in the Armed Forces for the first time after the date of its enactment would be eligible for up to 36 months of educational benefits. Entitlement would be earned at differing rates depending on whether the servicemember has been designated as having a critical military skill. For those so designated, entitlement would be earned at the rate of 18 months for the first 24 months of active duty, 6 additional months of entitlement for the third 12-month period of active duty, and 12 more months during the fourth 12-month period of active duty. If the servicemember has a noncritical skill, entitlement would be earned at the rate of 12 months upon completion of 2 years of active duty and additional entitlement would be earned at the rate of 1 month of each 2 months of active duty service.

Entitlement may be utilized by a servicemember while still in service, or the individual may choose to wait until after he or she is discharged. Entitlement would have to be used no later than 10 years following the individual's last discharge or release.

We foresee a number of problems should this measure be enacted in its present form. Some of them deal with interpretation, while others are more substantive in nature. In our report to your Committee, we have set forth these problems in considerable detail. Rather than cite all of them now, I would merely mention a few.

For example, to be eligible for benefits, the individual must have been discharged or released from active duty under "honorable conditions." Under the three most recent educational assistance programs we have administered, the eligibility criterion has been a release or discharge "under conditions other than dishonorable." Thus, it would appear that a more stringent criterion is being imposed on those under the new program as contrasted with those under prior educational programs. Is it the explicit intention of Congress that today's veterans receive less generous treatment than earlier eras? In addition, we observe that the measure also provides differing amounts of entitlement to individuals depending on their skill positions.

Another problem is that the bill provides for payment of benefits in the same amount as would be paid if the service individual were pursuing a program under the GI Bill. We believe this merits clarification since the current chapter 34 benefit payable to veterans is geared to the type of program pursued and to the number of dependents the veteran may have—the more dependents the larger the monthly stipend. In addition, the monthly allowance payable to veterans includes subsistence. We suggest that Congress may wish to consider whether payments to servicepersons should be limited to tuition and fees.

S. 2596, like the measure I have just discussed, would also provide a new educational assistance program for service personnel. There are, however, substantial differences between the two measures.

S. 2596, unlike S. 2020, does not have a purpose section. We assume that the purpose of this bill is to induce individuals to enlist and reenlist in the Armed Forces—the same as S. 2020.

There is a great difference between the two measures on the earning of entitlement to educational assistance. As I pointed out earlier, entitlement under S. 2020 would be granted based upon the individual's occupational skill. S. 2596, on the other hand, would grant the full amount of entitlement upon completion of 2 years or more of active military service commencing after September 30, 1980. We believe the Congress may wish to consider the feasibility of granting entitlement based on the occupational skill since this would be contrary to the bases on which the Congress has granted entitlement in the prior benefit programs.

There is also a wide variance in the benefits payable under the two measures. As I mentioned earlier, the benefits payable under S. 2020 would be geared to those currently being paid under the chapter 34 (GI Bill) program for the same type of pursuit. S. 2596, on the other hand, would pay benefits of \$300 per month plus the veteran's tuition and fees up to a maximum of \$3,000 per school year. S. 2596 does provide that, where the individual is pursuing a program of education while still in service, no subsistence allowance shall be paid, but S. 2020 appears to be a little ambiguous in this area. The latter bill does provide that the benefit shall be paid like chapter 34 and, under the current program, we do not pay any subsistence benefit to those on active duty, but it does not provide the sufficient specifically in this area. We believe this should be clarified.

Another area of difference is in the application of the two measures to the current contributory program being administered under chapter 32 of title 38. S. 2596 contains specific provisions barring eligibility in the contributory program to those entering service on or after October 1, 1980. S. 2020 would apparently have both programs running concurrently. It is questionable whether individuals would contribute to the chapter 32 program if they were eligible for a much more liberal program which does not require them to contribute any sums from their service pay.

S. 2596 provides eligibility for individuals to pursue PREP and flight and correspondence training. We wish to point out that both the House and Senate, in enacting H.R. 5288, have included provisions repealing the authority for pursuit of PREP training under the chapter 32 program as recommended by the Administration. (Authority for such pursuit under the GI Bill was ended on October 31, 1976.)

In addition, as you are well aware, the Administration has, over recent years, advocated termination of both the flight and correspondence programs. While no such provision was included in H.R. 5288, your Committee did approve curtailment of the utilization of both programs and the House Committee on Veteran's Affairs, in recently approving H.R. 7394, has provided for ending both programs. It has been our position throughout that these programs have failed to meet the objective of providing meaningful employment for veterans and that both should be ended. Thus, we would oppose the inclusion of any of these three programs in any new program which might be enacted by the Congress.

Another major difference between the two measures is the method of funding. S. 2020, as I noted earlier, provides that funding would be considered to be the function of the Department of Defense for budget purposes. S. 2596 provides for VA funding in that it calls on the Administrator to pay the tuition assistance as well as the monthly subsistence allowance.

S. 2596 provides a tuition assistance benefit. We are seriously concerned that such a program could bring about the same abuses which arose during the World War II GI Bill program. Following that unfortunate experience, Congress has consistently avoided the World War II model and instead has provided a direct uniform assistance payment for veterans in the Korean conflict, Vietnam era and post-Vietnam-era GI Bills. Abuses could also occur, we believe, if flight and correspondence training, which in effect have permitted avocational and recreational training to occur, were to be authorized.

S. 2596 appears to be a more generous program for individuals than S. 2020, since it would allow entitlement to accrue over a shorter period of time; it would provide much more generous benefits; and it would authorize more types of programs which could be pursued. In addition, we believe that under S. 2596 most individuals would be paid more in benefits than those currently allowed veterans under the GI Bill program.

In summary, Mr. Chairman, we oppose the enactment of S. 2020 and S. 2596. The Administration is in the process of making an evaluation of the future needs of our

Armed Forces. This will include a review of what the educational objectives are for inservice personnel. Since this is tied in with the decision the President must make in less than a year on what recommendation, if any, he will make to continue the present contributory program, we urge the Congress to defer any action on any new education programs until the President has had an opportunity to make his decision.

This concludes my prepared statement. I shall be pleased to answer any questions you may have.

Chairman CRANSTON. Thank you very much. Since VEAP was tailored for a peacetime All-Volunteer Force as a scaled-down benefit, what possible consequences do you see from enacting a new educational program under these circumstances with benefits equal to or greater than the Vietnam-era GI bill, that is, providing post-service educational benefits for peacetime volunteers that are greater than those given to those conscripted who served in combat, particularly at a time when some Vietnam veterans, including several of our own colleagues, contend that educational benefits for Vietnam-era veterans have been inadequate and should be improved?

Mr. McMICHAEL. I think it has enormous consequences, and I think Congress would want to proceed very carefully in deciding what kind of package it authorizes and how it relates to previous programs.

Obviously things change. Things cost more. New programs are authorized, and we can't simply be limited by what has gone on in the past. At the same time, we have to, if our objectives are to provide readjustment assistance, then the amount and quality of that readjustment assistance for peacetime volunteers has to be measured against readjustment assistance provided to combat veterans of previous wars.

On the other hand if the objective is simply another form of compensation for the all volunteer military, and that objective is clearly spelled out and is not essentially a readjustment benefit and that benefit is borne as part of the military compensation structure, then maybe you could have a different perspective.

My view is that although Congress wanted to help attract men and women to the service, they viewed this as a readjustment benefit primarily, one in which people went in the service and left the service and received benefits as a reward for service. In other words the program was intended to fulfill other societal objectives that we think are important, and certainly if that remains an integral part of any bill that we have, then you must contrast that with earlier programs.

Chairman CRANSTON. Do you believe that it is valuable to utilize the existing VEAP structure as a basis for testing various alternatives and modifications prior to the end of the 5-year VEAP experiment?

Mr. McMICHAEL. I believe that it offers an opportunity, we know how the program operates and if you wanted to make amendments to that program, the program could be readily adapted.

I note that one of the concerns is the contributory aspect on the part of servicemen. It would seem to me if funds are authorized by the Armed Services Committee, this committee could if it so desired authorize that the serviceman's share could be contributed by the service itself.

Chairman CRANSTON. What are the pitfalls in VEAP which have resulted in the program's lack of success and your lack of optimism?

Mr. McMICHAEL. I think one is the level of benefits, they are significantly reduced from previous programs.

Second, probably the most important factor has been the contribution aspect. While there are minimum contributions that result in a minimum matching by VA, the maximum contributions are quite a heavy toll for servicemen. We see the lower participation by married servicemembers, those with dependents, as indications that there are economic reasons which may be difficult for them to participate.

If that contribution aspect were ameliorated, it seems to me the program would be much more attractive.

Chairman CRANSTON. You think it is practical to do that, to overcome those difficulties?

Mr. McMICHAEL. I think it is very possible to overcome those difficulties.

Chairman CRANSTON. You think a contributory program can be successful?

Mr. McMICHAEL. The "contributory aspect" from the VA's standpoint could be either the military service or the servicemember. To the extent that we are talking about contributions by the servicemember, it is my personal view that the contribution must be significantly lower than it is today, and that the governmental share, must be increased in order to make it a viable program.

Chairman CRANSTON. What problems have there been with the administration of the VEAP program?

Mr. McMICHAEL. We have the sort of problems that occur in setting up any new program, particularly when two agencies are involved. We have had to set up a new computer system. With a number of people who are withdrawing from the program, that has posed some problems as well.

I think by and large our technical problems are behind us now, but if there were wide-scale participation, we might have additional problems that we can't presently foresee.

Chairman CRANSTON. We have heard a lot about tests that the Department of Defense may be conducting as educational incentives. Since it is likely that the VA would be involved in the administration of postservice benefits under such tests, do you have any initial reaction to the kinds of administrative problems which might come up in the implementation of those programs?

Mr. McMICHAEL. At the time you embark on something new, you have some problems, and some of the suggestions such as tuition payments appear to reraise old problems that have been confronted by the agency before.

As you know, that is an issue that this committee and Congress has wrestled with for a good period of time. Following the somewhat unfortunate experience of World War II, Congress has generally declined to have a tuition program because of abuses.

We have also experienced other abuses in the program. Any time you authorize new ways of dealing with things you increase the possibility of abuses.

Chairman CRANSTON. What are your views on making a distinction between critical and noncritical skills when designing an educational assistance program?

Mr. McMICHAEL. I don't know where I really come down on that. As you know, traditionally in the GI bills that we are all familiar with there has not been that sort of distinction. There has been a uniform payment that does not relate to the critical skills.

It seems to me that the critical skills element relates more to the military compensation objective than to the readjustment objective. I could not say, however, speaking personally, that I would be opposed to some kind of program in which you had at least a fairly solid uniform base of assistance and then provided some additional assistance, indeed as chapter 32 authorizes for critical skills. It seems to me it is a question of degree and who pays for what objective.

Chairman CRANSTON. Would you comment on the requirement of a minimum period of service as a prerequisite for eligibility to a postservice educational assistance program?

Mr. McMICHAEL. I think this is a question basically for Congress to determine. Our position has been that obviously any service-connected benefit should be paid regardless of time in service.

With respect to say educational benefits, we have no objection to requiring a given period of time. However, we think it ought to be uniform; to peg entitlement to benefits say requiring 4, 6 years enlistment in one service and 2 to 3, 4, in another we think poses a problem. So from the standpoint of the VA's perspective we believe they ought to be a uniform period of time.

Chairman CRANSTON. On page 5 of your statement you indicated that you have come to somewhat similar conclusions as had DOD with respect to VEAP, but you have additional concerns relating to altering the matching level by the VA, greater emphasis on the VEAP kicker, and interest on escrows.

Would you expand on this statement and be more explicit?

Mr. McMICHAEL. These are things we are just considering. I want to emphasize we don't have a developed administration position, but it seems to me that the options are fairly obvious.

One is to what extent do you require the servicemen to contribute, and are we talking about a lesser contribution?

Second, to what extent does the VA share stay the same or increase? Do you change the matching ratio?

Finally, to what extent do you make greater utilization of the military's ability to contribute and enhance the program?

What we are really talking about is how are you going to slice the pie up in terms of ultimate benefit package that you have? Certainly the payment of interest on the account is a matter that we think also ought to receive serious consideration.

Chairman CRANSTON. Your recommendation on page 6 of your statement is that Congress defer action until the President has made decisions about the VEAP program.

Does that recommendation include testing various modifications of VEAP in order to make some determinations about how the program might be improved?

Mr. McMICHAEL. I think what we have to do is distinguish between the best of all possible worlds, and that in which we deal

with, we think that probably the best way to proceed is to have some time to sit down, to examine this, to try to fit this into a budgetary framework, decide which agencies should bear costs and how much of the costs, and to fit it into the fiscal year 1982 budget.

At the same time, we cannot let go unnoticed the fact that the House Armed Services Committee has authorized a test program. It appears likely that the Senate will authorize such a program, and so we have to deal with that reality, and in dealing with that reality, we would then like to do some testing and hopefully do it in a sane, rational manner.

Chairman CRANSTON. Have you had an opportunity to review the Defense Department's proposal for a 1-year test?

Mr. McMICHAEL. I am just generally acquainted with some of the ideas being discussed. I don't think we have gotten to the point where we have sufficient details as to how all these programs would operate that I could speak knowledgeably.

Dr. Arnstein who accompanies me today has been in contact with the Department of Defense and we are attempting to learn more about how they are thinking about these and what they have in mind.

Chairman CRANSTON. In your opinion, are no new VEAP authorities really needed to carry out the DOD proposal as outlined in their testimony?

Mr. McMICHAEL. Again, I would like to see the bill that is reported by the Senate Armed Services Committee because it seems to me that would be critical in any legal judgment I would make.

To be on the safe side, my initial reaction would be that probably there would need to be some amendment to chapter 32 to explicitly authorize the military to contribute the servicemember's contribution if that were part of the program.

Chairman CRANSTON. Would you report to us as soon as you have had a chance to see what that committee actually reports?

Mr. McMICHAEL. Yes, sir.

Chairman CRANSTON. If the Congress decides to go along with the concept of the 1-year test proposal, do you believe modifications in the VEAP authority would facilitate such a test?

Mr. McMICHAEL. It is my personal view that it would.

Chairman CRANSTON. In connection with the question I posed earlier to DOD, does the VA take steps to assure that inservice personnel with eligibility for the current Vietnam-era GI bill are made fully aware of the way in which their entitlement is charged if they pursue courses under the GI bill while they are on active duty?

Mr. McMICHAEL. Is your question directed at what the Veterans' Administration does?

Chairman CRANSTON. Yes.

Mr. McMICHAEL. I would have to say although I am sure we technically advise them as to how entitlement is being charged, that the thrust of your question goes to whether or not we are advising them as to the implications of any decision they may make, and I would have to say we do not.

Chairman CRANSTON. What impact would you foresee that cash-out options, transferability provisions, and loan forgiveness could have on prior veterans' educational programs?

Mr. McMICHAEL. It seems to me that veterans' group leaders might complain that they have organization members who did not utilize their GI bill benefits and would like the same opportunity to transfer benefits to their children.

It would also seem to me that the extent to which these benefits are more generous, viewed as more generous than existing benefits, that that would in turn give rise to calls for further enhancements of the current program.

Chairman CRANSTON. As I noted earlier, the DAV has suggested that the DOD be responsible for all necessary funding of a peacetime GI bill, including the cost of benefits and the cost incurred by the VA in administering the program.

Would you comment on that suggestion?

Mr. McMICHAEL. I think I understand what gives rise to that, particularly having gone through a very difficult year with the budget.

I think the motivating factor is in large part the feeling that other veterans' programs will somehow have to be reduced to accommodate new program.

I am not sure that is the way the system works. We have seen tremendous variations in the amount of dollars being spent on current GI bill programs going from a high of almost \$5 billion several years ago down to less than half that amount. I haven't seen any kind of shift in other accounts that seems to be reflected as a result of that change, so it seems to me you deal with each entitlement program independently.

Who bears the cost seems to me relates in large part to what your objectives are. If you are viewing this simply as an inservice part of the compensation package, then it seems to me that there is a great deal of logic in saying that DOD ought to bear the cost. If you are viewing it in somewhat larger frame, indeed as the purpose of section 32 would seem to indicate, that it is a readjustment benefit, then for the VA to bear some and perhaps the substantial part of the cost is, in my personal view, appropriate.

What would distinguish this program from previous programs would be the requirement of some contribution from elsewhere than just the VA. This contribution from elsewhere—either from the servicemember or the military service itself would be what distinguishes it from previous GI bills.

Chairman CRANSTON. My final question is something for the record. The VFW in its testimony has indicated that they would support enactment of legislation providing educational benefits more generous than the current GI bill only if it were funded by DOD and administered by the VA.

They further suggest that enactment of such legislation would create a rational basis for removing the 10-year delimiting period, extending the number of months of benefit from 45 to 48 months, and making a 30-percent cost-of-living increase in benefits.

Would you provide us for the record a cost estimate of these modifications of the current Vietnam-era GI bill?

Mr. McMICHAEL. I will be pleased to do that.

Chairman CRANSTON. Thank you very much. It is good to have you with us, and thank you for your usual excellent testimony.

Our next witness is Prof. Charles C. Moskos, Department of Sociology, Northwestern University, Evanston, Ill.

We welcome you. If you would please abbreviate your prepared statement which will go in full in the record, we would appreciate it.

Professor MOSKOS. I might add the last time I appeared before this committee some 7 years ago I was arguing against the contention that our Vietnam veterans were confused and alienated, and I hope my testimony today is a little bit more persuasive than it might have been 7 years ago.

TESTIMONY OF CHARLES C. MOSKOS, DEPARTMENT OF SOCIOLOGY, NORTHWESTERN UNIVERSITY, EVANSTON, ILLINOIS

Professor MOSKOS. I have devoted my entire research career to the study of the Armed Forces since my own draft days some 20 years ago. I think we all agree there is no question that the All-Volunteer Force is on the edge of survival, and the central issue is whether we can obtain a cross-section of American youth to serve the military without a draft, I believe we can.

The major barriers to more effective recruitment have been the elimination of the GI bill in 1976 and concurrent expansion of Federal assistance to college students. Congress has created a system whereby more educational benefits are offered to those who do not serve their country than to those who do. This is perverse.

Federal aid to college students is projected to increase to at least \$7 billion annually over the next 4 years. In effect, we have a GI bill, but without the GI. We must restore postservice educational benefits. I think in this regard Senate bill 2596 is both well thought out and on a scale sufficient to be genuinely called a GI bill.

My own qualification would be to add an appropriate reserve obligation following active duty for GI bill entitlement.

Whatever the costs of a GI bill, it would, of course, be only a fraction of the present Federal expenditures. Moreover, there would be substantial countervailing reductions. I am thinking of a better manning of the reserves, a lower attrition rate, reduced recruitment outlays, elimination of combat arms bonuses, and most likely fewer lower ranking servicemen with families. There is also evidence that college students as well as the college bound are much more responsive to educational incentives than to higher recruitment pay.

I think it is startling to learn that in May 1980, in the entire U.S. Army combat arms, among first termers, there were only 25 college graduates. That is out of a total of 100,000 men. A GI bill will go a long way toward resolving recruitment problems, although it does not solve career problems. Such retention problems require other kinds of personnel and compensation initiatives.

I think the proposal to have a so-called test program of educational benefits is ill conceived. We must be wary of halfhearted educational programs whose failure will only confirm those who want to see the AVF die. It makes no sense to handicap the last chance to make all volunteer recruitment work. It must be clear that a GI bill is not more of the same kind of partial and compli-

cated educational packages that have proven to be ineffective in military recruitment. When I heard some of the testimony earlier this morning, my eyes glazed over as I was trying to understand the complications and qualifications of those programs.

I also believe that tinkering with VEAP is nothing more than beating a dead horse. An All-Volunteer Force GI bill must be simple to understand and applied to all servicemembers successfully completing a tour of duty. It would also tap into the positive symbolism GI bills have had for two generations of Americans.

The problems of the All-Volunteer Force are not found in the end of conscription nor in the efforts of service recruiters. The basic goal must be to manage Federal programs for college education so that the All-Volunteer Force recruitment is not undermined.

With the introduction of an AVF GI bill, and with the principle that persons who have completed some form of national service, include civilian options or reserve duty, should be given priority for educational aid. Under that kind of a scheme, expenditures could be coordinated to serve national needs.

Government subsidies of college education should be consistent with the idea that citizenship obligation ought become part of growing up in America. Such an objective would also clarify the military's role by emphasizing the larger call of national service.

That concludes my oral presentation, and I am at your disposal for any questions.

Chairman CRANSTON. Thank you very much. Your approach is a very interesting one, and one that we will consider very carefully.

[The prepared statement of Professor Charles C. Moskos follows.]

PREPARED STATEMENT OF PROFESSOR CHARLES C. MOSKOS, DEPARTMENT OF SOCIOLOGY,
NORTHWESTERN UNIVERSITY, EVANSTON, ILL.

The all-volunteer force is on the edge of survival. In 1979, all four services did not meet their recruitment goals. Enlistment shortfalls are particularly severe among those who will serve in the ground combat arms and aboard warships. Along with enlistment shortfalls, educational levels of new recruits continue to drop. More than one in three service members fail to complete their initial enlistments. Desertion rates are double that of pre-Vietnam levels. The growing number of skilled technicians and career personnel leaving the military threaten to undermine the capability of our military forces. Army reserves are in a perilous state.

Difficulties in recruiting an all-volunteer force have led to renewed talk of restoring conscription. But a return to the draft would pose anew the question of who serves when most do not. Under present manpower requirements, only about one in six males would be drafted or otherwise serve in the military. To have a workable conscription also requires a consensus on its need within the relevant youth population. Such a consensus does not presently exist. Induction would likely lead to turbulence on college campuses. If compulsion is used, moreover, many will attempt to avoid military service, which will bring on its own problems. Even under a seemingly "fair" lottery system, decisions would have to be made which will corrode the induction system. In any event, only a small and, by definition, unlucky minority would ever be called to serve. In a peacetime situation, we must make the all-volunteer force work rather than find ourselves embroiled in a debilitating draft controversy.

Granting conscription is not feasible, what about management steps that could be taken to improve manpower utilization within the all-volunteer framework? Here we run into the difficulty that almost all proposals in this vein do not address the core issue: getting young qualified men into the combat arms and aboard warships. Neither lowering physical or mental standards, nor increasing the number of women, nor greater reliance on civilian personnel, nor more utilization of older military members suit the imperatives of the combat arms. Large raises in military pay for lower enlisted personnel were the principal rationale to induce persons to join the all-volunteer force. This has turned out to be a double-edged sword, however. Youth surveys show that cash motivates less qualified youth (for example, high school dropouts) to join the armed services while having a negligible effect on college bound youth. Disproportionate emphasis on recruit pay, moreover, diverts compensation away from the career and technical force, precisely the areas where retention difficulties are most severe.

The central issue remains: is there a way without direct compulsion by which a cross-section of young people can be attracted into military service. Or, to put it differently, is there a way we can obtain the analogue of the peacetime draftee in the all-volunteer era? I believe there is.

Educational Benefits in Conflict with the All-Volunteer Force. The major barriers to more effective recruitment have been the elimination of the G.I. Bill in 1976 and concurrent expansion of federal assistance to college students. Congress has created a system of educational benefits that offers more to those who do not serve their country than to those

who do. This is perverse. Under the Veterans Educational Assistance Program (VEAP), which replaced the GI Bill, the government matches, within prescribed limits, voluntary contributions made by service members. It is estimated that governmental expenditures for VEAP will reach \$87 million for the year 1984. In contrast, federal aid to college students in 1980 will amount to more than \$4.4 billion. This sum is projected to increase to between 7 and 10 billion dollars annually by 1985:

The funds allocated to students in college under major assistance programs in 1980 were:

Basic Educational Opportunity Grant	\$2.275 billion
Supplemental Educational Opportunity Grant	.370 billion
College Work-Study Program	.550 billion
National Direct Student Loan	.286 billion
Guaranteed Student Loan	.960 billion
Total	<u>\$4.441 billion</u>

With the passage in 1978 of the Middle Income Student Assistance Act (MISA), eligibility for Basic Educational Opportunity Grants can extend to families earning as much as \$27,000 annually. Also under MISA, there is no need requirement for the ~~Guaranteed Student Loan Program~~. The Work-Study Program is becoming a major source of graduate student support. A college student who can establish self-supporting status, moreover, is eligible for most federal assistance programs. Such governmental policies can hardly be thought of as part of a poverty program. In effect, we have created a G.I. Bill without the G.I.

To meet military manpower needs in the all-volunteer context and to pursue

equity, there must be an immediate restoration of post-service educational benefits for active-duty military members on the scale of the G.I. Bill following World War II. At the same time, the principle must be set forth that there must be a linkage between federal student aid and some form of national service, including civilian as well as military options, and including reserve as well as active-duty military service.

Provisions of an All-Volunteer Force (AVF) G.I. Bill. A person who enlists in the armed forces and completes his or her two-year obligated period of active duty would be entitled to college educational assistance as follows:

1. The costs of tuition and fees up to \$5,000 per academic year in a private institution, or up to \$1,000 per academic year in a public institution, for a maximum of four academic years; and
2. A subsistence stipend of \$500 per month while enrolled in a college for a maximum of thirty-six months.
3. Such entitlement will be dependent upon an appropriate reserve obligation following active duty.

On the basis of the best analyses possible and assuming fifty to seventy thousand service members take advantage of the AVF G.I. Bill each year, the direct costs of a fully operating program would be about one billion dollars annually, or about one-quarter of present federal expenditures for college assistance programs. Countervailing reductions in the costs of an AVF G.I. Bill would be substantial, moreover. These include better manning of the reserves, lowering of military attrition rates, reduced recruitment outlays, elimination of combat arms bonuses and, most likely, fewer lower-ranking service members with families. In all likelihood, the net costs of an AVF G.I. Bill would be under

\$500 million dollars annually. We can also expect, as in previous G.I. Bills, that large sums would be returned to the Treasury as a result of the increased earnings of veterans who otherwise would not have been able to afford to continue their education.

Making the All-Volunteer Force Work. An AVF G.I. Bill would appeal to students in college as well as high school graduates. There is some evidence that college students as well as the college bound are more responsive to educational incentives than to enlistment bonuses or higher recruit pay. Military service could be tolerable and perhaps even welcome for those seeking a break in the lockstep of the undergraduate curriculum or between college and professional training. It is a startling commentary on the all-volunteer force to learn that in 1980 in all of the combat arms -- infantry, artillery, armor, combat engineers -- there were only 25 college graduates among first-term enlisted men (out of 100,680 total):

Proposals to have a "test program" of post-service educational benefits are ill considered. It makes no sense to handicap with constraints what may be the last chance to make the all-volunteer force work. It must be clear that a genuine G.I. Bill is not more of the same kind of partial and complicated educational packages that have proven to be ineffective in military recruitment. An AVF G.I. Bill would be simple to understand. It would apply to all service members successfully completing a tour of duty. It would also tap into the positive symbolism G.I. Bills had had for two generations of Americans.

The problems of the all-volunteer force are not found in the end of conscription, nor in the declining youth cohort of the 1980s, nor in the efforts of

service recruiters (who have accomplished a task of immense proportions). The grievous flaw has been a redefinition of military service away from an institutional format to one more and more resembling that of an occupation.

The basic goal is to manage federal programs of aid for college education so that recruitment efforts of the armed forces are not undermined. With the introduction of a G.I. Bill for the all-volunteer force and with federal assistance limited to persons who have completed some form of national service, expenditures for educational aid would be coordinated to serve national needs. At the very minimum, national servers must have first priority for federal educational aid. A "little G.I. Bill" for reserve duty ought also be considered. Under such a program, budgetary costs could easily be contained within present limits and, over the long term, most likely even be reduced.

Government subsidies of college education should be consistent with the ideal that citizen obligation ought become part of growing up in America. Such an objective would also clarify the military's role by emphasizing the larger calling of national service.

Chairman CRANSTON. Do you believe the Federal Government has a responsibility to upgrade the education level of those leaving the service with inadequate education or training so as to aid their success in civilian economy?

Professor MOSKOS. I not only believe that, but I believe that is perfectly consistent with service recruitment needs.

It is of interest to note that the Government has made it a priority in its national agenda to offer those kinds of advantages to a large cross-section of youth who do not serve. But for some reason we have not focused that principle upon those who serve the country.

Chairman CRANSTON. What are your views on using GI bill type benefits for this purpose?

Professor MOSKOS. I think this would be the most obvious answer to this question, although a GI bill along Senator Armstrong's proposal must be more generous than other kinds of educational opportunities that might be federally subsidized.

There has to be a qualitative break between that kind of educational benefit versus the nonservice educational benefit.

Chairman CRANSTON. Do you believe military personnel needs are better met by offering educational and other special incentives for critical skills areas rather than a general nonselective educational incentive program?

Professor MOSKOS. I believe a general program is better for several reasons. One, it is simple, second, in effect people who join are going to be assigned to where the critical skills are needed. The greatest shortfalls today are at the first-term level for service aboard warships and service in the ground combat areas. These will be the places that GI bill recipients would be involved.

I think it is a phony kind of division to separate between critical skills and not critical. Nonselected people without prior assign-

ments will be put into those positions where they are needed anyway.

Chairman CRANSTON. Do you think we can get people adequately skilled by that method?

Professor MOSKOS. It is really on the edge of survival. What it really needs now is approximately 40,000, 30,000 to 50,000 good people. This is the population that we are talking about.

With a generous GI bill we would be tapping into a new kind of pool, one that has hitherto not been inclined to join the military.

Chairman CRANSTON. Do you believe that offering the possibility of a transfer of educational benefits to dependents would be a useful retention tool?

Professor MOSKOS. It certainly would be a useful retention tool, though I think if it were implemented that certainly should be under DOD funds because it is essentially an entitlement for active serving members, rather than a bona fide recruitment incentive or a reward for past service. That puts in a qualitative difference, and I think it should be clearly differentiated from giving educational benefits to those who have served.

Chairman CRANSTON. You commented on the lack of merit of a 1-year test program. Do you see any elements of various test proposals that have been made that have any merit?

Professor MOSKOS. The usual thing with test programs is they are conducted on a small regional basis in a pseudosocial scientific way to get control groups. This means the general population is not alert to it. Recruiters use this as a last option. As the guy is just walking out the door they offer him the test program with provisos and certain kickers and things of this sort.

The real test has to be the program itself. If the program doesn't work, then the test has been proven, but halfhearted efforts, and I really am underscoring your earlier remarks, I think will only be used by those who may or may not have a hidden agenda to sink the All-Volunteer Force.

I might add I have no principled objection to the draft myself, but I think in the current state of reality that we must make the All-Volunteer Force work.

Chairman CRANSTON. Thank you very much.

Professor MOSKOS. Could I make one additional comment about the inequities that were perceived between Vietnam-era GI Bill and an All-Volunteer Force GI bill?

Chairman CRANSTON. Yes.

Professor MOSKOS. That I think doesn't stand up to close scrutiny. There are two points to be made. One is that the Vietnam GI bill itself was not based on the World War II model.

Second, only 1 in 7 active duty members ever served in Vietnam at all, and at the most generous level, having done research there myself, only 1 in 20 service members during the war experienced anything that could be called close to combat. There is also the fact that the Vietnam GI bill was retroactive before the war, and it went up to 1976.

Indeed, if 1 out of 40 recipients of the Vietnam GI bill were actually combat soldiers, I would be surprised. An AVF GI bill really won't be that much different.

Chairman CRANSTON. Thank you very much. You have been very helpful. I appreciate your being with us.

I would like to say that Senator Matsunaga had planned to be with us this morning as a member of the committee but he has been held up in the Finance Committee meeting.

He has asked that his opening statement appear at the appropriate place in the hearing record, and that will occur.

We now go to our first of two panels. The first one consists of Emil F. Baker, administrative assistant to the national executive secretary, Fleet Reserve Association; Donald L. Harlow, deputy executive director for Government relations, Air Force Sergeants Association; Richard W. Johnston, Jr., assistant director for legislation, Non Commissioned Officers Association; and Col. John P. Sheffey, executive vice president, National Association for Uniformed Services.

We welcome you. If you would proceed in whatever way and order you see fit—please be brief. I just received a note that momentarily I have to go to the floor briefly, for something that Senator Byrd, the majority leader, needs, and Jon Steinberg of the staff will carry on while I am gone. I will do my best to return swiftly. I assure you I will study the record.

TESTIMONY OF A PANEL CONSISTING OF DONALD L. HARLOW, DEPUTY EXECUTIVE DIRECTOR FOR GOVERNMENT RELATIONS, AIR FORCE SERGEANTS ASSOCIATION; EMIL F. BAKER, ADMINISTRATIVE ASSISTANT TO THE NATIONAL EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION; JOHN P. SHEFFEY, EXECUTIVE VICE PRESIDENT, NATIONAL ASSOCIATION FOR UNIFORMED SERVICES; AND RICHARD W. JOHNSTON, JR., ASSISTANT DIRECTOR FOR LEGISLATION, NON COMMISSIONED OFFICERS ASSOCIATION

Mr. HARLOW. I am Donald L. Harlow, deputy executive director for Government relations. I would just like to quickly read a brief statement pertaining to the educational benefits program.

In all of the surveys taken within the Air Force, next to pay, the opportunity to further their education was ranked as the second most important reason for joining the military service.

While there are several bills pending in both the House and Senate, all of which contain elements toward establishment of an educational program for members of the armed services, I chose to direct my specific comments to the U.S. Army proposal as the majority of the elements are contained therein.

We would first render full support to the noncontributory education program recommended to the Department of Defense by the Air Force.

We also support the proposal by the Air Force to increase the tuition assistance program from the current 75-percent limitation to 90 percent. For those participating in the TA program and pursuing studies directly related to their specialty, it is proposed that 100 percent of payment be considered, to include books and lab fees, et cetera.

As to the Army proposal, we offer the following. We do not feel an educational program should be utilized by the service secretaries for the recruitment and retention of personnel to fill highly

specialized skills. Adequate bonuses or special pays should be utilized. An educational program similar to the GI bill should be available to all members entering the armed services.

Two, we agree that the Veterans' Administration should fund and administer any educational program developed.

Three, we would prefer the monthly stipend be two-tiered, with monthly payments of up to \$300 up to 4 years of service, but increased to \$500 per month after the member reenlists and for officers on extended active duty past 4 years.

Where this one is concerned, I am sure there will be an adjustment based on agreement among the services to a particular program that will be satisfactory to all.

Four, we would prefer a 1-month benefit for each month of service, with a member completing a full year of service to qualify for any benefits. At the end of the 1 year, benefits should be available for use in service or on a part-time basis.

Five, to enhance enlistments in the Guard and Reserve, providing the same educational benefits at half the rate of those in the Regular Force would also be desirable.

We have several misgivings on the transferability of the educational benefits to dependents. As previously stated, the authority to transfer such benefits should not rest with the service's Secretary. If such transfer authority is written into the final bill, we strongly suggest it be applicable to all members of the armed services and that an individual would have to serve at least 12 years before such transfer authority would be available.

In closing, Mr. Chairman, we are keenly aware of the importance of providing educational opportunities for all members of the Air Force team, and we strongly urge this committee report out legislation similar to the current GI bill, education bill.

Furthermore, pending action on the bills and proposals already before the Congress, we would support the extension of a cutoff date of December 1989, for the current GI bill for an additional 10 years, and I thank you very much.

[The prepared statement of Donald L. Harlow follows:]

PREPARED STATEMENT OF DONALD L. HARLOW, DEPUTY EXECUTIVE DIRECTOR, AIR FORCE
SERGEANTS ASSOCIATION

Mr. Chairman, distinguished members of the committee;

I am Donald L. Harlow, Deputy Executive Director for Government Relations for the Air Force Sergeants Association, representing over 148,000 enlisted men and women and their dependents.

Having recently testified before the House Armed Services Subcommittee on Military Personnel, in support of "An Earned Educational Incentive Program, I am grateful for this opportunity to appear before this distinguished body in further support of "Servicemembers Education Benefits Bill of 1980."

Young men and women volunteering for military service give a variety of reasons for joining. However, in the majority of surveys taken at our Basic Military Training Center, Lackland AFB, Texas, the opportunity to further their education is ranked as the second most important reason.

Further proof of the significance of educational opportunities was vividly exhibited in the closing months of 1976, when it was announced that G. I. Educational Benefits would be terminated for individuals joining the Air Force after 31 December 1976.

A surge of enlistments, under the delayed enlistment program (DEP) up to the closing hours of the final day of the year were experienced. Some 100,000 individuals joined the services during this last minute rush to take advantage of the G. I. Educational Benefits, of which 21,000 joined the Air Force.

Obviously, outside of PAY, which is the most serious deficiency in our Armed Services today, an education program similar to the G. I. Bill is essential to stimulate service enlistments.

The Veterans Educational Assistance Program (VEAP) has not been an effective recruiting tool for the Air Force. The high cost of participation and prohibition against in-service use during an initial enlistment make VEAP unattractive.

Air Force participation in VEAP is approximately 6 percent, with only 14,295 currently in the program. This is the lowest participation rate of all the services.

Those young men and women entering the Air Force over the past few years and who are interested in continuing their education make much more extensive use of the "Tuition Assistance (TA) Program," to help offset their expenses. During fiscal year (FY) 79, there were over 200,000 course enrollments in the tuition assistance program in the Air Force.

NONCONTRIBUTORY EDUCATIONAL PROGRAM:

The Air Force has recommended to OSD a "Noncontributory Educational Program" to replace VEAP. Essentially, this program would provide all eligible members with \$2,000 of educational benefits for each year of service during an initial enlistment of up to four years. Individuals selected for retention would receive \$1,000 of educational benefits per year for up to four years beyond the initial four year enlistment period. The total educational benefits provided under this program would be \$12,000.

Personnel who are separated with less than an honorable discharge during their initial enlistment period would lose all benefits. Those separated with less than an honorable discharge during a reenlistment period would still receive benefits earned during their initial period of service. Individuals entering the other services for periods of less than four years would be permitted to extend their enlistments to gain maximum program benefits.

Monies accrued under this program would be dispensed as needed and could be used to pay for tuition and instructionally-related fees, i.e. laboratory equipment, books, etc.. A provision in the bill should accomodate the anticipated inflation of education costs in the out years.

The recommendation in this proposed program that would permit the utilization of such educational benefits within 10 years after the member's separation or retirement from service is not favorably supported by our association.

I refer to the statement entered into the Congressional Record on April 29, 1977, during introduction of a bill on educational benefits for our veterans, by Rep. Benjamin A. Gilman (R-NY). He stated, and I quote, "The imposition of arbitrary deadlines for utilizing educational benefits, attenuates the value of such assistance to no inconsiderable degree. By employing such a deadline, we are, in effect, informing veterans that regardless of unforeseen circumstances, or obligations incumbent upon them as heads of households, that they must use their educational

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benefits within 10 years of discharge or forever lose their rights to these benefits."

Should this "Noncontributory Educational Program" be accepted, we would recommend elimination of the proposed 10 year limitation for utilization of such earned educational benefits.

LOAN/GRANT ALTERNATIVE:

Another alternative to VEAP offered by the Air Force is a "Loan/Grant Program. This approach would involve a loan/grant concept and would not require individual contributions. An interest free education loan of \$2,000 would be made available to the member at the end of the first year of service. For each of the next three years of service, a \$2,000 grant would be provided. The grant portion (\$6,000) could also be used in-service, if the loan portion has been exhausted, or could be used for post-service education.

A \$1,000 loan for the first year and a subsequent \$1,000 grant per year would be offered to those members who choose to reenlist and are accepted by the service. This would provide each eligible member an educational loan up to \$3,000 and a grant of \$9,000 after eight years of service. Again, this program includes a 10 year limitation after separation or retirement. We do not agree to the time limitation on any earned Loan/Grant program.

TUITION ASSISTANCE PROGRAM:

Another proposal offered by the Air Force, which our association could certainly support, is increased payments under the "Tuition Assistance" Program.

It is proposed that the tuition assistance should be increased from the current 75 percent limitation to 90 percent of instructionally-related expenses, as well as basic tuition costs or fees in lieu of tuition. For those members participating in the tuition assistance program and pursuing studies directly related to their specialty, it is proposed that 100 percent of payment should be considered, to include books, lab fees, etc..

OTHER LEGISLATIVE PROPOSALS:

We are aware of three Servicemembers Educational Bills pending in the House, with four companion bills pending action in the Senate. While all of the bills offer various educational assistance to enhance enlistment and reenlistment in the Armed Services, it appears that the U. S. Army proposal for a "Servicemembers Educational Benefits Bill of 1980" contains the essential elements.

U. S. ARMY PROPOSAL:

ELEMENT NR. 1: To provide maximum flexibility of Service Secretaries by authorizing them to selectively supplement the basic VA educational benefits for recruitment and retention purposes, utilizing DoD funds. Such supplements could be targeted toward high school graduates, critical specialties,

and hard-to-fill assignments.

AFSA COMMENT: While we can appreciate the Army's intent, utilizing such a supplement for ONLY those possessing a critical skill could be detrimental to morale. Due to changes in weapon systems, the listing of critical skills in the Air Force continually changes. Then too, many specialties in the support areas are essential to overall accomplishment of varied Air Force missions. To exclude these "team" members from such an educational supplemental program could result in shortages in other areas not catergorized as critical.

We firmly believe that a "Non-contributory Educational Program" should be available to all military personnel, regardless of their specialty. For those possessing highly specialized skills, an adequate bonus of special pay should be utilized as an enlistment or reenlistment incentive.

ELEMENT NR. 2: The Veterans Administration to fund and administer a basic level of benefits that would be available without cost to all Armed Services personnel.

AFSA COMMENT: We agree that the VA has the administrative structure and the expertise to administer the educational program and funding should remain within the VA.

ELEMENT NR. 3: Provide a maximum monthly stipend of \$400 that would be applied to a maximum of 36 academic months of education for enrollment in VA approved institutions.

AFSA COMMENT: We would prefer the monthly stipend be two-tiered. We suggest that the monthly payment of \$300 up to 4 years of service, but would increase to \$500 per month after the member reenlists and for officers on extended active duty past 4 years. Based on the maximum 36 months' educational benefits, this would provide \$10,800 for completing 4 years of honorable service in the Air Force but with the inducement of staying past 4 years the monetary benefit would be worth \$18,000. Under this formula the initial program cost would be reduced.

ELEMENT NR. 4: Servicemember would accrue 1-1/2 months of educational benefits for each month of military service; maximum of 36 months benefits.

AFSA COMMENT: While the Army uses this formula as a recruiting incentive because it allows the 2-year enlistees to accrue the maximum 36 months benefit. However, we prefer a one-month benefit for each month of service, and a member must complete one full year of service to qualify for any benefits. A one-for-one formula would extend the time required for full benefits to 3 years.

ELEMENT NR. 5: Servicemembers shall earn the full benefit by completing their tours with an honorable discharge or by reenlistment.

AFSA COMMENT: We agree and also point out that those honorably discharged medically prior to completion of their initial tour should also be eligible.

ELEMENT NR. 6: Benefits can be used in-service on part-time basis after one year of service.

AFSA COMMENT: Agree.

ELEMENT NR. 7: Selected Reserve and National Guard shall receive education benefits at half the rate of active duty.

AFSA COMMENT: We agree with this proposal deeming it to be a good incentive to enhance recruitment for the Guard and Reserve.

ELEMENT NR. 8: Unused benefits can be transferred to dependents at the discretion of service Secretaries. It is proposed that such transfer be made at the 8, 12 or 15 years of service point, and would apply to the existing or new educational benefits.

AFSA COMMENT: We have several misgivings pertaining to this element of the proposal. Permitting this transfer authority to be utilized by the service Secretaries could once again cause concern as to its effect upon morale. If the educational benefits are authorized to be transferred only to the dependents of those occupying critical skills, not only those in critical support areas would be affected but their dependents would also feel discriminated against. Furthermore, a dependent child who drops out of the program after one year, or the spouse who might seek a divorce after one year in the program could complicate the administration of the program.

If such transfer authority is to be given, then it should be administered at the 12 or 15 year point, (preferably the 12 year point) and should be authorized across-the-board by all

servicemembers. What about the single male or female who has no eligible dependents to which such educational benefits can be transferred?

Another question which needs to be addressed is the obligation of the dependent child to whom such educational benefits are transferred and fully utilized. Does he or she have any obligation to serve this nation in the military or a national service program?

What is extremely disturbing to the members of the Air Force Sergeants Association is the millions and perhaps billions of taxpayer's dollars to provide grants or loans to young people coming from families having an income of up to \$26,000 and who have failed or refused to repay such loans. Yet these same young people have no obligation whatsoever to serve this nation. Such programs certainly takes away from the ability of the Armed Services to attract such individuals for military service.

Obviously, there are many specifics which must be addressed before such transfer of educational benefits can be instituted. However, we must keep in mind that the original intent of the G. I. Educational Program was created to assist those members of the Armed Services to re-adjust to a career in civilian communities, due to the time lost while serving in the military. To depart from the objective of a military educational program could be not only costly but also complicated.

ELEMENT NR. 9: Extend the current delimiting date of the current G. I. Bill to 10 years after the servicemember's separation.

AFSA COMMENT: Our association has a standing proposal to continue the current G. I. Education Bill. However, it is obvious that these hearings and those held in the House of Representatives are designed to replace the current G. I. Bill. Pending action on the bills and proposals already before the Congress, we fully concur in the extension of the cut-off date of December 1989 for an additional 10 years, whether or not any of the new provisions are accepted.

MR. CHAIRMAN, This concludes my testimony and once again I thank you for the opportunity to speak out for the people I proudly represent. I now stand ready to respond to any questions you or your distinguished colleagues may wish to pose.

Mr. STEINBERG [presiding]. Mr. Baker?

Mr. BAKER. It is my privilege to present the views of the membership of the Fleet Reserve Association on the vital subject of earned educational incentives for the personnel of the Armed Forces.

The urgent need for such a program is clearly demonstrated by the alarming shortfalls in the retention of mid-career personnel, and the immediate need to upgrade the educational level of personnel in the Armed Forces. Statistics regarding this are in my full statement.

We feel that an earned educational incentives program will be a boon to solving these problems. The basic provisions of our program are, one, that the Department of Defense would fund the program.

Two, the Veterans' Administration would administer the program under the direction of the Department of Defense, as the Veterans' Administration has the machinery, expertise, and experience to operate such a program at minimal cost to the American taxpayer.

All enlistees and reenlistees who meet the below stated criteria would be entitled to the earned educational incentives.

No educational assistance for those discharged or released from active duty before completing 2 years of active service or under other than honorable discharge; the entitlement benefits to expire at the end of a 10-year period beginning on the date of retirement or last discharge.

One standard academic year or the equivalent for each year of the initial enlistment up to a maximum of 4 years; if discharged or otherwise released from active duty after completing 2 years of

service but before completing the term for which the person enlisted, or before completing 4 years of active service in the case of an initial enlistment of more than 4 years, then the period of educational assistance is one standard academic year, or equivalent, for each year of active service.

A portion of a year of service shall be rounded to the nearest month and shall be prorated to a standard academic year.

All persons who initially enlist or reenlist in the Armed Forces after September 30, 1980, are graduates from a secondary school or have a high school diploma or its equivalent as determined by the Secretary, would provide for a maximum of \$1,200 per year for tuition, fees, books, and laboratory fees, plus \$300 per month subsistence allowance.

The Secretary of Defense shall increase the maximum whenever the rate of basic pay authorized by section 203(a) of title 37 for pay grade E-1 is increased.

Each such increase shall be in the same percentage as the percentage increase in basic pay.

A member who reenlists at the end of initial enlistment may elect to receive a lump sum payment of 60 percent of total education assistance and subsistence allowance earned during initial enlistment. Such an election to receive a lump sum payment is irrevocable.

A member who reenlists at the end of initial enlistment may at any time after such reenlistment transfer all or part of his/her entitlement to spouse or to dependent child.

Last, would provide half benefits of the earned educational benefits program to persons enlisting in the Reserve and Guard components of the Armed Forces.

In closing, the cost of such a program will be offset substantially by savings in the Department of Defense budget from lower recruiting and attrition costs.

We urge the establishment of a comparable program, and we thank you for the opportunity to express our views.

Mr. STEINBERG. Thank you very much, and thank you for summarizing. Of course, your full statement will appear in the record. [The prepared statement of Emil F. Baker follows:]

PREPARED STATEMENT OF EMIL F. WAKER, ADMINISTRATIVE ASSISTANT TO THE NATIONAL
EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION

INTRODUCTION

Mr. Chairman and members of this distinguished Committee, I am Robert W. Nolan, National Executive Secretary of the Fleet Reserve Association. As a Navy retired Chief Petty Officer, it is my privilege to speak for the 148,655 members of the Association. Our membership is comprised of enlisted personnel and commissioned officers who have prior enlisted service of the U. S. Navy, Marine Corps and Coast Guard. Approximately, one-third of our membership is serving on active duty in the regular Sea Services. The remainder are in the Fleet Reserve components of the Navy and Marine Corps or are fully retired from one of the three Sea Services. As you can appreciate, educational benefits are of prime concern to our members.

PRESENTATION

The urgent need for an "Earned Educational Incentives Program" for the personnel of our Armed Forces is clearly demonstrated by the alarming shortfalls in the retention of mid-career personnel and the immediate need to upgrade the educational level of the Services. The retention of experienced and skilled mid-career professionals is at the crisis stage. The U. S. Army is short 40,000 non-commissioned officers. The U. S. Navy is short over 20,000 petty officers. Recently, a naval vessel of the Atlantic fleet did not deploy because of a shortage of skilled boiler technicians.

The education level of recruits has been dropping despite the current ability of the Services to meet their recruiting quotas. In 1979, sixty-eight percent of the enlistees without prior military service had high school diplomas. This year, 1980, only 58 percent of them have high school diplomas. The share of service personnel with some college experience who have enlisted in the Army has taken a shocking drop: from 13.9 percent in 1964 to 3.2 percent last year.

These facts clearly justify the need for an immediate "Earned Educational Incentive Program" for the Armed Forces. Such a program would add significantly to the success of attracting and retaining an educable quality armed force.

THE PROOF OF EDUCATIONAL INCENTIVES

The United States Government has had a rewarding experience with its programs of educational benefits for military personnel and veterans. During the past three decades, the American people have invested \$29 billion in G.I. Bill education and training of 15 million veterans of World War II, the Korean Conflict and Cold War-Vietnam eras.

For example, the \$29 billion in education and training assistance will be more than repaid during the lifetime of the service personnel beneficiaries in the added Federal income tax that they will pay on increased earnings made possible by their G.I. Bill education.

This is especially true of the 7.9 million who trained at the college level. According to the Department of Labor, a male college graduate will earn, and pay income tax on, in excess of a quarter-of-a-million dollars more in his lifetime than the high school graduate. The Federal tax on the added income of the G.I. Bill college graduate veteran will be several times the total cost of his education and training assistance from the government.

THE PRECEDENT OF EDUCATION BENEFITS AS AN INCENTIVE FOR MILITARY SERVICE

A key point that is overlooked regarding the Cold War G.I. Bill is the manner in which career personnel of the Armed Forces could receive their G.I. Bill benefits. This law (P.L. 89-358) had a termination date of ten years after the last discharge. Thus, career personnel serving in the military had up to ten years after their retirement from the military service in which to complete their educational training. Former U. S. Senator Ralph Yarborough (D-TX), the author of the law, drafted this provision at the specific request

of the Fleet Reserve Association. Our strongest argument in support of this provision was that service personnel would not have to leave active military service to avail themselves of their earned veterans benefits.

With the advent of the All Volunteer Force, the U. S. Congress considered the termination of G.I. Bill benefits in 1975. On 29 July 1975, the Fleet Reserve Association testified before the Education and Training Subcommittee of the House Veterans Affairs Committee strongly recommending the retention of that provision of the law. At the time I stated, "If military careerists' veterans benefits are abrogated, it could well give active service personnel cause for concern as to whether they should continue their military careers or be discharged and pursue their education. Such a breach of faith is not a firm foundation on which to build the desired All Volunteer Force." We were the only military association to so testify.

The House Veterans Affairs Committee did not agree and after only two hours of debate on the entire subject, they reported H.R. 9576 to the floor. The bill, despite objections, passed the House under suspension of the rules which bars floor amendments and limits debates to 40 minutes. The Congress subsequently passed Public Law 94-502 terminating the G.I. Bill on 31 December 1976, setting the deadline of 31 December 1989 to complete all G.I. Bill training.

THE PRACTICAL RESULTS OF THE TERMINATION

In 1977, the Fleet Reserve Association conducted the "White Hats' Pay Panel" to learn the views of active duty enlisted personnel regarding military compensation and retirement. The Panel travelled to seven large military communities and received the testimony of a total of 164 volunteer witnesses. The witnesses were comprised of personnel of all of the armed services and ranged from pay grades E-3 through E-9. The termination date of their earned veterans benefits was unanimously viewed as a key loss in benefits. Chief Anti-

Submarine Warfare Operator Donald E. Prosize, U.S.N., summed up their views stating, "What of the person who entered service in the late 1960's, volunteering for wartime service, and now wants to make the Service a career? He now finds the promise of the G.I. Bill thrown out of the window and he must now make a decision to throw away his military career to gain a college education."

Our report of the Panel, "Sounding Off", is included as background information to this testimony for the Committee members. You will find the subject of the loss of G.I. Bill benefits on page 28 of the report.

The lure of a college education through the G.I. Bill was a major recruiting tool for the Services from the passage of the "Cold War G.I. Bill" in 1966 until the closing date of 31 December 1976. Positive proof of this is evidenced by the amazing and abnormal rise in enlistments in the Services during the month of December, 1976. The military recruiting services reported a dramatic increase in enlistments, judging by any standard, during the final month of eligibility under Public Law 94-502.

This is why the Fleet Reserve Association is confident that an "Earned Educational Incentives Program" will be a boon to solving the current recruiting and severe retention of mid-term personnel crisis the Services are experiencing today, and will upgrade the educational level of the personnel in the Armed Forces as it will attract potential college enrollees.

FLEET RESERVE ASSOCIATION'S RECOMMENDED BASIC PROVISIONS FOR AN EARNED EDUCATIONAL INCENTIVES PROGRAM

The Fleet Reserve Association views its proposed "Earned Educational Incentives Program" entirely apart from the known G.I. Bill. The G.I. Bill was based on the philosophy of rehabilitation for those who had their civilian careers interrupted by military service. Our program is based on attracting and retaining

qualified personnel in the Armed Forces and upgrading the educational level of the Armed Forces.

The basic provisions of our proposed Earned Educational Incentives Program are:

1. The Department of Defense would fund the program.
2. The Veterans Administration would administer the program under the direction of the Department of Defense, as the Veterans Administration has the machinery, expertise and experience to operate such a program at minimal cost to the American taxpayer.
3. All enlistees and reenlistees who meet the below stated criteria would be entitled to the earned educational incentives.
4. No educational assistance for those discharged or released from active duty before completing 2-years of active service or under other than honorable conditions.
5. Entitlement to benefits would expire at the end of the 10-year period beginning on the date of retirement or last discharge.
6. One standard academic year (or the equivalent) for each year of the initial enlistment up to a maximum of four years.
7. If discharged or otherwise released from active duty after completing two years of service but before completing the term for which the person enlisted (or before completing four years of active service, in the case of an initial enlistment of more than four years) then the period of educational assistance is one standard academic year (or equivalent) for each year of active service. A portion of a year of service shall be rounded to nearest month and shall be prorated to a standard academic year.

8. All persons who initially enlist or reenlist in the Armed Forces after 30 September 1980, are graduates from a secondary school or have a high school diploma or its equivalent as determined by the Secretary.
9. Would provide for a maximum of \$1,200 per year for tuition, fees, books and laboratory fees plus \$300 per month subsistence allowance.
10. The Secretary of Defense shall increase the maximum whenever the rate of basic pay authorized by Section 203(a) of Title 37 for pay grade E-1 is increased. Each such increase shall be in the same percentage as the percentage increase in basic pay.
11. Member who reenlists at the end of initial enlistment may elect to receive a lump-sum payment of 60% of the total educational assistance and subsistence allowance earned during initial enlistment. Such an election to receive a lump-sum payment is irrevocable.
12. Member who reenlists at the end of initial enlistment may at any time after such reenlistment transfer all or part of his/her entitlement to spouse or to a dependent child.
13. Would provide half-benefits of the earned educational benefits program to persons enlisting in the Reserve and Guard components of the Armed Forces.

There is ample justification and statistical information regarding the establishment of such a program in the "Educational Incentives Study" dated 9 February 1980 published by the Office of Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics. The individual Services, as well as the Department of Defense, are highly in favor of establishing such a program.

Because a specified period of honorable service would have to be performed before a service person could become eligible for benefits, there would be no cost for an Earned Educational Incentives Program in the 1981 or 1982 fiscal

years. The program would not rise to its full cost before FY 1986, for the first year in which four classes could be in school under the program.

The cost of an Earned Educational Incentives Program will be offset substantially by savings in the Department of Defense from lower recruiting and attrition costs as a result of recruiting and retention of a more stable and educable pool of personnel.

The Fleet Reserve Association strongly recommends and urges the establishment of an "Earned Educational Incentives Program" for all military personnel. We honestly feel that based on the successful experience of the G.I. Bills, it cannot fail to help solve the military's personnel problems. If it is unsuccessful, it will be a painless error, because the program will cost money only in proportion to its success in attracting college eligible high school graduates into our Armed Services.

CLOSING REMARKS

In closing, Mr. Chairman, allow me to add one point for the record. To avoid any possible misunderstanding, the "Earned Educational Incentives Program" is not an alternative to the much needed increase in military basic pay and allowances; it is intended as a solution to a critical aspect of the overall recruiting and retention problem, to increase the educational level of the Armed Forces and to correct a gross inequity of those who are military careerists and must leave the service to avail themselves of their already honorably earned benefits under the terminated G.I. Bill.

Thank you for allowing the Fleet Reserve Association the opportunity to express its views on this vital subject. On behalf of the military community I thank you and your colleagues. I stand ready to answer your questions to the best of my ability. Thank you.

Mr. STEINBERG. Colonel Sheffey.

Colonel SHEFFEY. I will read only a portion of mine since obviously you have already read the full statement.

I would like to join all your witnesses in the statement that the GI bill for those who served in the Armed Forces in the past has greatly benefited our country, and Armed Forces themselves, and the individuals involved.

I think it has been demonstrated beyond a shadow of a doubt that generous educational assistance for those who serve in the Armed Forces is a good investment in tax dollars, and the Veterans' Affairs Committee serves our country well by supporting these programs.

You have so many proposals before you that I will offer only some considerations that should be weighed in making your choices, and other witnesses have offered some of the same. I do defer to the three gentlemen here with me as to which are the best proposals because they are more directly concerned and associated with the active forces than my Association which is active and retired, but mostly retired.

We suggest that all personnel who do not have old GI bill benefits be eligible for the basic educational assistance program. Although the major objective is to attract enlistment and reenlistment, officers should not be denied this basic benefit because they are officers.

There is involuntary attrition in all ranks, and educational benefits help cushion the blow, and inservice education improves the quality of officers and enlisted alike.

We believe that at least 2 years of honorable service should be required before benefits are available, and they should be available for inservice use only after 2 years of satisfactory service, or upon completion of a term of enlistment with honorable discharge for postservice use.

We think they should remain available for at least 10 years after separation from the service.

I question the equity or cost effectiveness of awarding educational benefits for Reserve veterans, but will defer to other witnesses more expert on the pros and cons of this.

My point is if the program for the active force works, it will produce a very large number of individuals who must serve in the Reserves to complete their obligations. The fundamental contradiction in using educational benefits for attracting enlistments is the built-in incentive to leave the military service to take advantage of earned educational benefits.

If they were to continue to accrue in Reserve service, the temptation to transfer to the Reserves after one term of enlistment would be enormous. The individual could start his college education while continuing to accumulate earned educational benefits as a Reservist.

We believe that the basic educational assistance entitlement earned by military service should be funded and administered by the Veterans' Administration. This long established practice recognizes that the program benefits the individual veteran and our Nation as a whole much more than it benefits the Armed Forces. The VA has an excellent record of performance in handling the

previous GI bill, and this arrangement should continue in the new program.

If special additional educational incentives are adopted to encourage retention, it does seem appropriate that these costs be borne by the Department of Defense.

The new and untested proposal that special educational benefits be offered on a discretionary basis to encourage retention of individuals with special skills, and that benefits could be transferable to dependents, should be examined critically.

Special discretionary awards for selected individuals cause serious morale problems for those who do not receive them and become a morale problem for the categories who do receive them when they are discontinued. Cash bonuses have the advantage of great flexibility, lower visibility, and their one-shot nature.

A continuing right to college education support for dependents of one group that is not available to others could be quite different in overall effect.

I note you have taken my advice to urge that the proponents of this be required to produce persuasive arguments that these are better than cash bonuses.

Again, thank you for the opportunity to appear before you, and this is a critical need for a new GI educational bill, and I urge the committee to support one based on the best elements of the proposals before you.

Mr. STEINBERG. Thank you very much, Colonel Sheffey, and thank you also for summarizing.

[The prepared statement of John P. Sheffey follows:]

PREPARED STATEMENT OF JOHN P. SHEFFEY, EXECUTIVE VICE PRESIDENT, NATIONAL ASSOCIATION
FOR UNIFORMED SERVICES

S.2020, S.2596, and Other Educational Assistance Proposals

Mr. Chairman, Gentlemen, I am John P. Sheffey, Executive Vice President of the National Association for Uniformed Services (NAUS). Our association's membership is drawn from all the seven uniformed services of the United States; active duty, retired, reserves, veterans, and their spouses or survivors. Our mission is to uphold the security of the United States by supporting activities that preserve and improve the attractiveness of service careers and sustain the morale of the uniformed services. We work on the "people things" such as pay, retirement, survivor benefits, and the traditional entitlements that make a service career a way of life rather than just a job.

Our association appreciates the opportunity to urge this distinguished committee to support the reestablishment of an effective educational assistance program for the armed forces. The GI bills for those who served in the armed forces in past years have greatly benefited our country, the armed forces, and the individuals involved. I believe it has been demonstrated beyond a shadow of doubt that generous educational assistance for those who serve in our armed forces is a good investment of tax dollars, and this committee has served our country well by supporting these past programs.

So many educational assistance proposals are currently before you that I will not attempt to evaluate them individually. I believe, however, that Senator Cohen's S.2071 and S.2020 and the proposal that has been developed by the Department of the Army together contain all the significant elements that you should choose among in creating a new GI Bill. I will offer only some considerations that should be

weighed in making your choices. You have other witnesses who are better qualified than I to advise you on which choices would best serve to attract and retain high quality personnel in our armed forces and Reserves. These are the witnesses from the Department of the Army, the Non Commissioned Officers Association, and the Fleet Reserve Association. I will defer to their judgment on which proposals will be the most cost-effective.

NAUS suggests that the following considerations be weighed in your choices:

1. We recommend that all personnel who do not have old GI bill benefits be eligible for the new basic educational assistance program. Although the major objective is to attract enlistment and reenlistment, officers should not be denied this basic benefit simply because they are officers. There is involuntary attrition in all ranks, and educational benefits help cushion the blow. In-service use of the education program improves the quality of officer and enlisted alike.
2. We believe that at least two years of honorable service should be completed before an individual can make use of educational benefits, and they should accrue monthly on a one-for-one basis up to a maximum of four academic years. They should be available for in-service use only after two years of satisfactory service, or upon completion of a term of enlistment and honorable discharge.
3. Earned educational assistance rights should remain available for at least 10 years after separation from the services.
4. I question the equity or cost effectiveness of awarding educational benefits for Reserve service, but will defer to other witnesses more expert on the pros and cons of this proposal. If the program for the active forces works, it will produce a very large number of individuals who must serve in the Reserves to complete their obligations. The fundamental contradiction in using educational benefits for attracting enlistments is the built-in incentive to leave military service to take advantage of earned educational benefits. If they were to continue

to accrue in Reserve service, the temptation to transfer to the Reserves after one term of enlisted service would be enormous. The individual could start his college education while continuing to accumulate educational benefits as a Reservist. I also question the equity of the Army proposal that a full one-half of the educational benefits available for active duty would be awarded for Reserve duty. This appears highly disproportionate in favor of the Reservist.

5. We believe that the basic educational assistance entitlement earned by military service should be funded and administered by the Veterans Administration. This long established practice recognizes that the program benefits the individual veteran and our nation as a whole as much or more than it benefits the armed forces. The VA has an excellent record of performance in handling the previous GI bills, and this arrangement should continue in a new program. If special additional educational incentives are adopted to encourage retention of career personnel, it seems appropriate that the additional costs of such incentives should be borne by the armed services.

6. The new and untested proposal that special educational benefits be offered on a discretionary basis to encourage retention of individuals with special skills, and that benefits so earned would be transferable to dependents, should be examined critically. Special discretionary rewards for selected individuals can cause serious morale problems for those of the same grade who don't receive them - and for the categories who receive them when they are discontinued. Cash bonuses have the advantage of great flexibility, low visibility, and their one-shot nature. A continuing right to college education support for dependents for one group that is not available to others could be quite different in overall effect. I urge that the proponents of this arrangement be required to produce persuasive arguments that it would be better than equivalent cash reenlistment bonuses that could be used for the same purposes if the individual so desires.

Thank you for the opportunity to appear before you. There is a critical need for a new GI education bill, and I urge you to support one based on the best elements of the proposals before you.

Mr. STEINBERG. Mr. Johnson?

Mr. JOHNSTON. Mr. Steinberg, I want to thank you for this opportunity.

I would also like to take a minute and step outside of the normal realm of testimony this morning to commend the committee for undertaking these hearings and commend the staff on the obviously excellent preparation that you have done in preparation for these hearings.

This morning you have touched on a number of things which NCO has a deep concern with. First, the 1989 delimiting date for the GI bill, and second, the equitability of inservice use under the current GI bill—I think the committee in looking at these issues will come to some kind of a settlement on them, hopefully in legislation this year.

About the legislation under consideration today, I have just a few comments. I am not going to further try and justify the need for a new educational program in the Armed Forces. I think the arguments that have been presented this morning are substantial.

I would like to say just a few things about what the Non Commissioned Officers Association believes that the new education program should be like.

First, it should be an incentive to service. It should not be a bonus to service. A bonus implies some selective nature in its application. I think the success of educational programs traditionally have been based on the fact they are universally available to all servicemembers who have provided honorable service in the Armed Forces.

Second, I think we must realize that education is not the total answer to the manpower problems that exist in the Armed Forces today. A lot of people will disagree with me on that, but it is only a part. A new education program would provide part of the answer to the manpower problems that we have today. I think to do that, again, it must be a universal program.

The old GI bill was amazingly successful in its ability to motivate young men and women joining our Armed Forces. I think we must draw upon the experience that we had in the old GI bill in devising a new one. One of the greatest things about the old GI bill was it provided an adequate—not a generous pay—but an adequate pay to the people who were enrolled in courses of education.

I commend the committee again for having taken steps earlier this year to increase that level of pay, and I think it must be preserved in the creation of any new GI bill.

I think there must also be inservice use provisions in a new GI bill, and I think that the earning rate provided in a new GI bill should be universal. As you know, we support S. 2020, Senator Cohen's proposal. We support an improving amendment that would disregard the critical skill, noncritical skill definitions that are in the legislation currently and provide an earning rate consistent with that provided for the critical skill occupation in the legislation.

Finally, I have one more comment, and that is that the Non Commissioned Officers Association is adamantly opposed to any transferability of benefits in the new GI bill.

While we recognize that this would be a retention incentive in later years of service, we do not believe that it would be significant for the problems we would undertake in morale, cost, and other factors of administration to include this in any new education program.

With that, I would ask that my entire written statement be entered in the record. This concludes my remarks.

Mr. STEINBERG. Thank you very much, Mr. Johnson, and I thank you for your kind words for the committee. They are very much appreciated.

[The prepared statement of Richard W. Johnson, Jr., follows:]

RICHARD W. JOHNSON, JR., ASSISTANT DIRECTOR FOR LEGISLATION, NON COMMISSIONED
OFFICERS ASSOCIATION

Mr. Chairman: The Non Commissioned Officers Association of the USA sincerely appreciates the opportunity to appear before this distinguished panel in support of the creation of a new "Earned Education Program." I have very carefully chosen the description "Earned Education Program." I believe that whatever new program this committee adopts must require individuals to "earn" benefits by providing honorable service in the Armed Forces.

I will limit my statement to three areas of discussion. First, I think it is important to understand the need for a new education program as an incentive to service in the Armed Forces. As a part of that understanding I will discuss the termination of the old G. I. Bill and the inadequacies of the Veterans Education Assistance Program (VEAP). Second, I believe there are some fundamental elements from past education programs that must be preserved in creating a successful new program. I will take a few minutes to discuss these along with other provisions that should be avoided in constructing a new education program. Finally, I will take a few minutes to discuss the Association's position on the legislative proposals that are now before the committee.

The Manpower Problem

The Non Commissioned Officers Association has led the way toward creation of a new G. I. Bill. Our efforts began in 1975, even before the termination of the old G. I. Bill. We demonstrated great foresight in predicting before this very committee that:

- a significant number of potential recruits would not join the service if there was no G. I. Bill
- the quality of recruits would drop dramatically and fewer high school graduates would be willing to serve
- training loss rates would rise dramatically
- expected savings in the VA budget may not exceed anticipated increases in the defense manpower budget

Most of our predictions were based on a survey of Army recruits conducted in March of 1975. Here are just a few examples of what was predicted by the Army about the future of their recruiting program.

---The Army estimated that if the G. I. Bill was retained the level of high school graduates would be 70%. Without the G. I. Bill the Army predicted the level of high school graduates would drop to 47%. Since October 1, 1979 the actual figure of new recruits having graduated from high school is 43% and there is a great deal of speculation that the Army-wide population of high school grads is as low as 38%.

---In 1975 the Army predicted that Mental Category I-IIIa (the most preferable) would be constant at 44%. Mental Category IV would rise to about 22%, and training attrition losses would rise from 10% to 23%. The Defense Department has recently admitted that 25 to 50% of soldiers enlisted during the last four years who were classified as Mental Category III personnel could have been Mental Category IV personnel in actuality. Category IV is the lowest and least desirable mental group the services can enlist. With regard to attrition, personnel losses today exceed 30% with some estimates ranging as high as 40%. In 1978, the last measured year, Army attrition was 37%.

---In 1975 a survey conducted among Army recruits found that one of every four definitely would not have enlisted without the G. I. Bill. Another 36% of those surveyed were not certain whether they would have enlisted without the G. I. Bill.

---The Army even went so far as to predict an added defense cost of \$197 million each year if the G. I. Bill was terminated and manning levels remained constant. The Army further speculated that costs would increase \$182 million each year if the Army voluntarily reduced its size by two tank battalions.

Mr Chairman, a new earned education proposal would reverse these trends. There is no doubt that high school graduates would again be drawn to service by an education incentive. Correspondingly, an increase in the number of high school graduates would bring on an increase in quality. And, like dominoes falling into place, improved quality would lead to improved retention. This is not my opinion alone, it is also the Army's:

"For defense purposes, a successful educational incentive conduces to increased accession and retention. Generally speaking, educational incentives do this by increasing the attractiveness of military service as an employment for young people and by providing military personnel in-service opportunities for personal and professional growth. Moreover, good educational programs likewise enhance force readiness by increasing individual levels of professional competence and skill proficiency."

I believe the argument is convincing. I believe there is little doubt that a new non-contributory earned education program will be a real boon to recruiting and increased quality in the Armed Forces. It is really necessary in improving the Armed Forces. However, we must not forget that the people attracted by the new program will soon be veterans.

Benefit to Veterans

I will not argue that it is incumbent on this committee to provide a program of recruiting incentives for our Armed Forces. I recognize the many provisions of the bills under consideration are directly related to service in the Armed Forces and should be addressed by the committee having jurisdiction in that area. Neither do I seek to minimize the impact a new education program will have on the veteran or this country.

Veterans obviously will benefit from an improved in-service and post-service education program. Post-secondary education has traditionally led to better and more lucrative employment. This potentially leads to larger tax payments from veterans educated under the G. I. Bill. It is alleged that the larger tax payments actually offset the education cost incurred by the government.

Society places a great deal of emphasis on formal education. It is apparent from the number of doctors, lawyers, PHD's and others who have achieved college degrees. So much emphasis has been placed on education that we now have a Department of Education that exclusively monitors and administers education programs. During the current fiscal year it will distribute more than \$4.5 billion in education benefits to individuals. Nearly \$3.3 billion of that will be in the form of non-recoverable grants. Because these grants go to high school graduates of enlistment age, the services must compete against them.

Veterans education programs have always been created with the best interest of the veteran in mind. Nevertheless, they have also recognized the purpose of ". . .enhancing and making more attractive service in the Armed Forces of the United States. . ." The creation of a new earned education program will fit within the traditional parameters of veterans benefits.

This committee made its commitment to the continuity of this principle in assisting the Armed Forces in creating the Veterans Education Assistance Program: ". . .to promote and assist the all volunteer military program of the United States by attracting qualified men and women to serve in the Armed Forces." However, VEAP is not fulfilling its purpose.

Inadequacies of VEAP

VEAP does not work because it is a contributory program. When VEAP was created entry level base pay in the Armed Forces exceeded minimum wage. Currently entry level base pay is less than 83% of minimum wage.

The minimum VEAP contribution is more than 11% of entry level pay. The maximum contribution is more than 13% of the pay of an E-4 with more than two years of service. I believe that the young enlisted people who are married generally can not contribute to VEAP because of the financial condition of their family.

There are other problems with VEAP. Most are related to the individual's contributions. For example, once a participant enters the program he or she is committed to at least a year of payments. An exception is provided for financial hardship.

If the participant discontinues contributions at the end of one year, no refund of contributions can be made unless financial hardship is proved. An individual who contributes to VEAP during the first year of an enlistment and subsequently disenrolls is denied access to that contribution until his or her term of enlistment is completed. By then the contribution is devalued by three to five years of inflation--a loss that could reach 30 to 50% or higher. It is doubtful that this loss would be offset even by the payment of interest on the individual's account.

VEAP pays a 200% dividend to those who become students, returning two dollars for each dollar contributed. The maximum monthly payment returned for the minimum contribution is \$150 per month. The payment after the maximum contribution is \$225 per month during the period of enrollment. Neither amount is sufficient to offset current education costs and is hardly the kind of return one would expect after contributing 10% or more of total income for three years.

In summary, NCOA believes we need a new education program. The new program must be beneficial to both veterans and the military services. It certainly should not be similar to the Veterans Education Assistance Program.

The Earned Education Assistance Program

As I stated earlier, 25% of the new recruits surveyed by the Army in 1975 would not have joined without the G. I. Bill. Conversely, we can say that one quarter of all enlistments were motivated by the education incentive program. A program that successful should have some of its provisions preserved. For the next few minutes I would like to talk about some of the items that made the G. I. Bill successful.

First it was a universal program. Everyone who entered the Armed Forces and remained for 181 days became eligible for some benefit. There were no methods for selectively excluding individuals from benefits or for providing selective supplements. NCOA firmly believes that the concept of treating all veterans alike, rich or poor, well-educated or high school dropout, contributed largely to the success of the program. It stated to each individual that his or her relative potential was equal to others and would be rewarded accordingly.

Second, the old G. I. Bill provided a uniform payment and computation schedule for education beneficiaries. We believe the rate of payment provided under this section has been severely diminished by inflation during the three years since an increase was last provided. (We commend this committee for taking steps earlier this year to provide some relief to the problem.) Notwithstanding the current rate of benefits, the system is sound and equitable. Therefore, it is the strong belief of NCOA that payments in a new program should be made at the same rate and under the same criteria as provided for in current law.

A new education program for veterans, like its predecessors, should reward veterans and serve also as an incentive to enlistment. The new program should not be perceived as a bonus to enlistment. Bonus implies a selective award based on a special value, qualification or term of enlistment. The new program should not be perceived or designed to be a bonus to enlistment. An incentive, as stated earlier, is a universal benefit awarded equally to all veterans. As such, I do not believe that it would be proper to selectively enhance the education benefits awarded individual veterans. This is definitely not a Veterans Administration function and would be in direct conflict with the goal of serving all veterans equally. However, if at some time the Armed Services believes that recruiting would be improved by selectively enhancing education benefits for certain individuals, NCOA would not object to a payment provided directly by the Defense Department.

Third, we believe that some provision for in-service use must be provided. Such a provision would allow service members the opportunity to improve their status within the Armed Forces. At the same time, it will discourage attrition and probably improve reenlistment. It will certainly improve the overall quality of the force.

Finally, we believe that the post-discharge use period should remain ten years. In most cases, that is sufficient to meet an educational objective. Along this line, NCOA believes that this committee should act immediately to extend the December 31, 1989 delimiting date prescribed for the old G. I. Bill. I will not present a long argument on this issue. I will say that the current limitation serves as a disincentive to continued service by mid-grade career personnel who are sincerely interested in completing an education program before their benefits expire.

Recommendations

During the Vietnam Era many servicemen spent six months in training, twelve months overseas and were almost immediately released from active duty thereafter. Accordingly, the old G. I. Bill could be earned in 18 months of military service. Today's service member may spend more time than that in training. Operational commitments worldwide have increased the need for military personnel. As a result, the services must demand longer periods of enlistment if training utilization is to be cost effective. A new earned education program will assist in this regard by requiring longer periods of service to become eligible for its benefits.

Our recommendation is a minimum two year period of service before any education benefit is earned. NCOA also recommends that maximum education benefits be earned through four years of honorable service. The ideal formula for this computation, in our estimation, is the one suggested for "critical skills" enlistments in Senator Cohen's Bill, S. 2020.

Finally there are two widely-discussed proposals that NCOA believes should not be included in any new education bill funded or administered by the Veterans Administration. One concerns education benefits for members of the reserve forces and the other concerns transferability of unused benefits to a spouse or child.

Mr. Chairman, it is not now, nor has it ever been an objective or function of the Veterans Administration to provide or administer benefits to members of the reserve forces. NCOA recognizes the critical personnel problem that exists in the reserve forces but we believe it is a problem that must be dealt with by the Department of Defense.

Neither has it been an objective or function of the Veterans Administration to administer or transfer veterans benefits to the dependents of a "healthy" veteran as would be done if the new education program included a transferability provision. Moreover, transferability of veterans education benefits would lead to several problems. Most of the proposals suggest that the transfer of benefits could be done selectively. How then will it be decided whose posterity will be fortunate enough to receive these benefits? If the transferability is universally permitted, the cost of such a program would become prohibitive.

There also would be many legal questions regarding transferability. For example: if a veteran can pass the benefits to a dependent (implying personal ownership) then why couldn't the veteran transfer them to a parent or sibling? If the veteran is single, why couldn't the benefit be sold to an interested third party? Further, if a marriage results in divorce, does the veteran retain the benefits or are they subject to a 'community property' settlement? Do they revert to the veteran even if they may previously have been given to the spouse?

Mr. Chairman, we believe such provisions would set undesirable precedents in the administration of veterans benefits. We urge the committee to avoid their inclusion in any new program.

Current Proposals

Both House and Senate Armed Services Committees have recently adopted plans to improve education benefits for veterans. The House bill generously proposes monthly education benefits of \$300 per month plus an annual tuition allowance of \$1,200, transferability of unused benefits to dependents and a cash-in provision for those not interested in education benefits. We believe this approach is much too generous, too hastily constructed, and too selective to be successful.

The Senate Armed Services' proposal will provide another 'fix' to the Veterans Education Assistance Program. It seeks to allow the Defense Department to selectively make the individual's contribution, allows transferability, increases the amount of financial enhancement the services may provide in individual situations and, otherwise, seeks to throw money at an existing problem. We doubt the ability of these new provisions to bring any measurable degree of success to the program.

One of the fundamental beliefs that was presented earlier is that a new education program does not have to be more generous than its predecessor. It is my firm belief and the belief of my Association that a new education program, equitably constructed and universally available, will improve recruiting. It is not the total answer to the recruiting and military manpower shortage. It will, however, rekindle the desire of a greater number of high school graduates to join the Armed Forces.

Senator Armstrong's bill, S. 2596, like the House bill, is far too generous. Its primary fault is the benefit amount which is based more on the actual cost of a college education than the ability of the taxpayer to provide such a benefit.

The Non Commissioned Officers Association supports the proposal offered by Senator Cohen, S. 2020. Our Association worked closely with the Senator and his staff on the development of this bill, and also with Congressman Bob Wilson on a companion measure introduced in the House. Many of the provisions of S. 2020 were added under the assumption that the bill would be referred to and considered by the Committee on Armed Services. The bill is presented as an amendment to Title 10 of the United States Code. We believe that with the proper technical corrections the bill could be a very sound Chapter 33 of Title 38 of the United States Code.

The program of education benefits proposed in S. 2020 provides the same basic benefit earned by veterans of the Vietnam Era; that is 36 months of education benefits at the rates provided in Title 38 and computed under existing laws. Unlike its predecessor, it requires a longer period of service and an honorable discharge for post-service use. It does not allow the nine month extension of training which is currently authorized for Vietnam era veterans.

As I stated earlier, we would support one improvement in the bill to allow all servicemembers to earn or accrue benefits at the rate established for critical skills in the legislation.

Mr. Chairman, this concludes my statement. Thank you again for the opportunity to present the Association's views. I will be most pleased to entertain any questions that you or any member of the committee may have.

Mr. STEINBERG. We appreciate the prepared testimony of each of your organizations and your courtesy in getting it to us in advance so we could take advantage of it and use it in preparing for the hearing. That is the ideal circumstance and we appreciate your cooperation.

I have some questions the Chairman had intended to ask generally for the whole panel, and one or two directed to one of you, although on any question that you have a comment to volunteer, please feel free to do so.

Mr. JOHNSON, with respect to your comments regarding the inadequacies of VEAP in your testimony, do you believe those inadequacies could be corrected and modifications made such as, for example, permitting DOD to make contributions on behalf of servicemembers and certain concepts drawn from S. 2020 so that the end result would be conducive to enhanced recruitment and retention in the armed services?

Mr. JOHNSON. Mr. Steinberg, I think the VEAP program is far beyond repair. I think it was hastily and rather ill conceived when it was constructed in 1976. I think its biggest problem right now is the name that is on it. I don't think any veterans' education assistance program by that name could ever survive because of the problems that VEAP has had.

If you recreated VEAP and renamed it, yes, you may have a successful program, but anything that requires a contribution on

the part of an individual I don't believe would ever be successful as a recruiting incentive to the Armed Forces. At the payment rates that we are providing under the VEAP program—I am talking about the unenhanced rates, the ones that aren't supplemented by the Army—we couldn't expect anybody to complete a training program at a \$150 to \$225 a month stipend.

No, I don't believe it can be saved. I think we are going to have to start using role models from the past and create a new program.

Mr. STEINBERG. Do the others of you have any comments on that?

Mr. HARLOW. I would like to just comment on the fact that the depression of the pay caps since 1972 has had a major impact on what our young people especially can afford, and they can't afford to participate in this program. They need it for just living and getting by.

I would agree with Mr. Johnson that I think the VEAP program is a dead program, and I think we ought to just let it die its natural death and develop a good, substantial GI bill that people will understand, that will be simple, and it will be available to all.

Mr. STEINBERG. Any other comments?

Colonel SHEFFEY. I concur.

Mr. STEINBERG. Thank you. Would you also agree that the increased numbers of recruits who are married or who are getting married in service also tends to make a contributory program far less attractive?

Mr. JOHNSON. In earlier years the number of junior enlisted personnel who were married was very, very low. The last report I saw, the last statistics I saw on the issue, 42 percent of personnel in grades E-1 through E-3 are married. In those grades we have an average family size of 2.3 or 4, which means there are a lot of children in those homes.

When you are looking at the pay scales for an E-3 he is earning somewhere in the 90-percent range of the minimum wage. I don't see how we could expect him to make any kind of contribution to anything, aside from survival.

Mr. STEINBERG. Looking at all of your testimony it is obvious that there is considerable divergence of views and positions on various issues, but it seems as if there is also some consensus on some issues.

Are we correct in understanding that you each agree that the administration of any postservice benefit program should be by the VA?

Mr. JOHNSON. Yes.

Mr. HARLOW. I agree to that.

Mr. STEINBERG. There seems to be some area of disagreement with respect to sources of funding.

Would you each briefly indicate your position on that issue? Do you want to start, Mr. Harlow?

Mr. HARLOW. Yes. I believe that the people who have to administer the program should be the ones providing the funds for the program. You get two agencies involved, as Dr. Moskos states, it is a little difficult, so you have to have funding provided by the agency that is going to be administering the program.

Mr. BAKER. We feel the Department of Defense should fund the program. They are the actual boss over the active duty people involved here and with the capable assistance of the VA I think we could find a good team working together.

Colonel SHEFFEY. I believe for the same reason that the GI bill should be funded by the VA, that is, that it is a socially valuable program well beyond the benefits to the military alone, and the benefits really are reaped by the individual after he leaves the service, that it is more appropriate that it continue to be funded by the VA.

Mr. JOHNSON. I would think the program would be most appropriately funded by the VA in this circumstance. It is a benefit for an honorably discharged veteran, not for necessarily the traditional reasons. The veteran is going to benefit from the program, yes. I believe there is some provision in law, title 10 particularly, that says they cannot pay a benefit or provide a benefit for anybody not in service, postservice discharge, whereas the VA can.

If there are any enhancements, I would discourage enhancements, but if there are any enhancements in educational benefits for particular individuals or if transferability somehow manages to survive its criticism, then I would say that those programs, those enhancements, those bonuses, those selective things should be funded by DOD.

Colonel SHEFFEY. I concur in that, Mr. Steinberg.

Mr. STEINBERG. Thank you. Several of you in your testimony refer to a granting of benefits based on honorable service.

Are you using that as a shorthand for the criterion which applies now which is discharge under other than dishonorable conditions, or are you proposing that criterion be altered?

Mr. JOHNSON. I am proposing that criterion be altered.

Colonel SHEFFEY. Ditto.

Mr. JOHNSON. It is more for retention purposes. The question was asked early on in the hearing this morning about the individual who comes in and stays 181 days, becomes eligible for unemployment comp, home loans, disability, care and all this other good stuff, who just becomes a burden and gets out on a general discharge.

We want to prevent this. I don't see it as a major problem in the Armed Forces, but I do see an honorable discharge requirement as one that is very achievable. I don't believe that it would hurt us to switch to that.

Mr. HARLOW. Mr. Steinberg, at least in the Air Force the fact that we carefully screen our people the first 6 months in service and try to identify those that will not possibly adjust to the discipline, the controlled life of the military, and therefore we try to get them, released prior to their getting to the point where they would be getting out with less than an honorable discharge. There is a question as to doing this, but we are not in the business to destroy people's lives. We are in the business to protect this Nation and to help build character and to help young people develop, and if we find that we can't do it through the military service, then it makes good sense to release them and let them pursue whatever profession they may desire.

Mr. STEINBERG. You each have indicated support for elimination or extension of the 1989 termination date in terms of the current GI bill benefits.

Do any of you have evidence that personnel are right now leaving the service early with the view toward utilizing those GI bill benefits?

Mr. JOHNSON. I have with me this morning a letter from an individual who left the Navy. I will be happy to provide it for inclusion in the record.

Mr. STEINBERG. We will be glad to receive it.

[The letter referred to above follows:]

Indiana, Pa., February 25, 1980.

THE 96TH CONGRESS OF THE UNITED STATES OF AMERICA,

c/o TIP O'NEILL,

Rayburn House Office Building, Washington, D.C.

DEAR SIR: I feel compelled to voice my opinion as an ex-navy career designated Petty Officer in the U.S Navy and soon to be civilian. After having served eight years on active duty, I would like to inform you of my reasons for discontinuing my naval career. My reasons all hinge on the continued erosion of the military man's benefits.

The fact that I am not able to pursue an education in the field I have chosen is my primary reason for getting out of the Navy. Granted, I am entitled to educational benefits under the G.I. Bill. While on active duty, I have been able to attend evening courses of a general educational basis only. No colleges have offered Nursing in an evening course of instruction and the Navy no longer offers an officer training course in that particular field. Also, if I do not use my educational benefits under the G.I. Bill by 1989, I lose them. This eliminates my retiring from the military and then going to school.

I feel that some of my remaining reasons for choosing to discontinue my naval career are also shared by many of my peers. For instance, many newly recruited shipmates receive educational assistance only if they elect to put money away each month to be used for that reason. The maximum rate a service member can set aside each month is seventy five dollars, which is doubled in rate by the Government. A member serving a four year enlistment would have received a total of \$10,800 for education upon discharge. At the current cost of tuition and books at a major institution this money would suffice a full time student approximately two years. The member is using \$3,600 of his own money that he had to do without while on active duty, from his already low pay.

Another factor in my decision is the rate of pay and allowances. From December 1972 to October 1978, the cost of living rose 59.9 per cent while my military base pay and allowances for housing and subsistence—rose by only 40.8 per cent. This coupled with the recent defeat of the "Armstrong Amendment", which would have given me a 10.4 per cent raise opposed to the 7 per cent raise authorized by the President in October 1979. I might add that the "Armstrong Amendment" was still well below the 13 per cent inflation rate of 1979.

I have younger brothers who work for major corporations in the United States. In the past five to eight years, they have been given "Cost of Living" pay increases *automatically* plus the raises their unions have fought for and obtained. Their companies offer excellent medical/dental benefits for the entire family which are quite comparable to those of CHAMPUS's 80 per cent coverage.

The recent talk of re-imposing the draft is a disappointment. Drafting men and women into the Armed Services will not give you what you are looking for and so desperately need in this time of unrest in the Middle East. By drafting, you will ultimately obtain the total numbers you need. But, due to the personal and disciplinary problems caused by draftees coupled with the low pay and allowances, you risk losing the volunteer leaders that have already chose the military as a career. Maintaining pay and benefits at least to meet the current rate of inflation is the only way to retain the quality, professional and leadership possessed by personnel in pay grades E-5 thru E-7 with eight to twelve years experience.

Don't get me wrong, I do not oppose the draft or entertain that the military be allowed to unionize. I am a firm believer that every man and woman who lives in the country should be required to perform two years military service. My grandparents defected from Russia during World War II. When I was a child, they spoke of feeling a huge lump in their throat every time the United States National Anthem was played. I never knew that feeling until I had stood in military uniform and

listened to my country's National Anthem played. I know why this country was so dear to them and remains so dear to me.

In conclusion, the recent development of the Enlisted Education Advancement Program (EEAP) and Enlisted Commissioning Program (ECP), (reference NAVOP 033/80) is a step in the right direction. A mere one hundred twenty-five openings will not appease the thousands, but is truly a step in the right direction. As a tax payer I question the reoccurring trend of the past few years of cutting the military budget. I would just as soon see my tax dollars spent in maintaining a strong military as opposed to the spending of that money where little if no tangible evidence is ever seen by the general populous.

Sincerely,

ARLEND D. MAUL.

Mr. STEINBERG. Do any of the others have comment on that?

Mr. BAKER. The only comment I would like to make on it is attached to our statement was a copy of our report "Sounding Off" where we went out to the field with 164 active duty witnesses representing thousands of personnel, and they came right out point blank and said this is the reason a lot of them are leaving the service. I don't have numbers on it, but this is one of the main reasons.

Mr. HARLOW. I do not have any numbers, but I do know from my travels in the field for the past 8 years that many people have said when I reach the 20 year point, I am getting out so I can take advantage of the GI bill, and I am sure we have lost quite a few as a result of that.

Mr. STEINBERG. Thank you.

Colonel SHEFFEY. My experience is basically the same. The general feeling based on conversations and statements is that there is an incentive to get out in time to take advantage of the GI bill of rights.

Mr. STEINBERG. Thank you. Finally, several of you expressed concern about the transferability proposal.

Would those concerns be met to some extent if the transfer of benefits required a commitment of military or national service on the part of the individual to whom the benefits were transferred?

Colonel SHEFFEY. I think that is carrying it far too far. That is carrying it to the second generation.

Mr. HARLOW. Mr. Steinberg, I questioned that in my statement, my full statement. We have been very concerned about the number of young students who acquire loans coming from families with earnings up to, incomes up to \$26,000 a year who complete their education and either fail or refuse to repay these loans, and yet they have no obligation to serve this Nation whatsoever.

We feel that there has got to be some kind of coordinated effort between the agencies, the Education Department, and the agencies and the Veterans' Administration and the DOD to sort of put these programs together because I am sure that these programs are denying the opportunity for a lot of these young people who would otherwise come into the armed services and serve this Nation for the benefit of an education.

I think the Congress should look at this very, very carefully. As far as the transferability is concerned, if I had a son and I was getting out because of recent pay caps and everything else, I would probably say yes, I would like to transfer this because I have got to go to work to earn a living to keep my family going, to supplement whatever retired pay I get, but to apply this to a specialized skill,

absolutely not, because this gentleman may be in a support area. He may want to do the same thing but he can't because he is not in what they call a critical skill, and critical skills change all the time depending on missions, on the requirements of the weapon systems and so forth, so that is the reason that I question the transferability.

If it is going to happen, it has got to be across the board and there has got to be some kind of commitment there by the individual himself.

Mr. JOHNSON. I can see the headlines now saying we have an all volunteer military force, with the exception of the dependents of military personnel who trained under the GI bill.

I don't think that requiring commitment from the dependent to accept those education programs is reasonable.

First off, you are probably going to be dealing with a minor when he accepts the program. I question the ability to legally enlist a minor.

Mr. STEINBERG. Thank you, each of you, for your responses and for your brevity in your testimony, and again our regrets that the Chairman was called to the floor.

Our last panel is composed of Stephen L. Edmiston, administrative assistant, Disabled American Veterans; Philip Mayo, special assistant to the director, National Legislative Services, Veterans of Foreign Wars; and Frank E. G. Weil, chairman of the Veterans' Affairs Commission, American Veterans Committee, accompanied by June A. Willenz, executive director.

Before we take the testimony of this panel, let me note that The American Legion had been scheduled to present testimony this morning but has been unable to appear, and their written testimony will be included in the record.

Phil, would you like to lead off?

TESTIMONY OF A PANEL CONSISTING OF REPRESENTATIVES OF VETERANS' ORGANIZATIONS: PHILIP R. MAYO, SPECIAL ASSISTANT TO THE DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS; STEPHEN L. EDMISTON, ADMINISTRATIVE ASSISTANT, DISABLED AMERICAN VETERANS; AND FRANK E. G. WEIL, CHAIRMAN OF THE VETERANS' AFFAIRS COMMISSION, AMERICAN VETERANS COMMITTEE, ACCOMPANIED BY JUNE A. WILLENZ, EXECUTIVE DIRECTOR

Mr. MAYO. Thank you, Jon, for the opportunity to present to you the views of the Veterans of Foreign Wars with respect to providing for educational incentives to enhance recruitment of personnel for the All-Volunteer Force.

As you know, the VFW has historically supported the awarding of veterans' benefits predicated upon honorable service in the Armed Forces of the United States during periods of war and hostility, that to award such benefits based upon peacetime service would ultimately lead to the dissolution of veterans' benefits.

In addition, we also believe the importance of the retention of all VA programs within the VA and that no part of any function or program should be removed from that agency is of primary importance.

As you also know, we would not oppose the passage of any legislation which would provide meaningful, needed assistance to our veterans. However, we find it difficult to comprehend that the Congress would seriously consider awarding potentially greater educational benefits for short-term recruitment purposes than those currently available to wartime veterans who are undertaking courses of higher education.

Frankly, we believe that many Vietnam-era veterans would find such a course of action repugnant.

In addition, we are not convinced that a legislative initiative as generous as those under consideration today would promote greater retention among the enlisted ranks of the military.

With such generosity, the desire to leave the Armed Forces might prove to be very compelling should no consideration be given to a reasonable and complimentary benefits pay package as well.

It is common knowledge that many service personnel find it necessary to resort to such programs as food stamps in order to more adequately provide for themselves and their dependents.

It is also generally acknowledged that these are extraordinary and difficult times for the Armed Forces. It is becoming increasingly apparent that the educational benefits packages provided for under Public Law 94-502, the Post-Vietnam era educational assistance program, is not attracting either the quality or the quantity of enlisted personnel into the military that are necessary to accomplish its mission, and the benefits/pay package for military personnel is not sufficient to retain those who are already in service.

Therefore, we believe if the Congress believes that the offer of educational benefit incentives more generous than those provided under current law to wartime veterans is necessary in order to meet the recruitment challenges of these times, the VFW could only support the enactment of such legislation provided the resulting program was funded through the Department of Defense and administered by the VA.

As a result of the enactment of any such legislation, however, we also suggest that an extremely valid, rational basis does exist for removing the delimiting date from the current GI bill education benefits, the extension of entitlement of the Vietnam-era GI bill education benefits from 45 to 48 months, and a cost-of-living increase in such benefits by at least 30 percent.

We appreciate your continued interest and the interest of the committee in our Nation's veterans as is evidenced by holding the hearing today. This concludes my remarks, and I will be happy to respond to questions that you may have.

Mr. STEINBERG. Thank you, Phil, and thank you for summarizing.

[The prepared statement of Philip R. Mayo follows:]



VETERANS OF FOREIGN WARS OF THE UNITED STATES

NATIONAL LEGISLATIVE SERVICE

Office of Director

PREPARED
STATEMENT OF

PHILIP R. MAYO, SPECIAL ASSISTANT
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

WITH RESPECT TO

MATTERS RELATED TO PROVIDING FOR EDUCATIONAL INCENTIVES TO
ENHANCE RECRUITMENT OF PERSONNEL FOR THE ALL VOLUNTEER FORCE

WASHINGTON, D. C.

JUNE 19, 1980

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Thank you for the opportunity to present to you the views of the Veterans of Foreign Wars of the United States with respect to providing for educational incentives to enhance recruitment of personnel for the all volunteer force.

Mr. Chairman, the first of the two bills under consideration today, S. 2020, introduced by the Honorable William L. Cohen, would provide expanded opportunities for individuals to earn educational benefits based on honorable active service in the Armed Forces. Briefly, S. 2020 provides that twenty-four months of active service in a "critical military skill" would authorize eighteen months of educational assistance; thirty-six months of service, twenty-four months of educational assistance; and forty-eight months of service, thirty-six months of educational benefits. A maximum of thirty-six months of educational assistance would be earned for service, would be funded under the Department of Defense and administered by the Veterans Administration. The amounts paid to the eligible veteran would be in accordance with those currently paid under Title 38, U.S.C.

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The second bill, S. 2596, introduced by the Honorable William L. Armstrong, would also expand the opportunities for individuals to earn educational benefits for honorable active service in the Armed Forces. Briefly, this measure, with two years of active duty honorably completed, would provide for thirty-six months of educational benefits. The benefits would include up to \$3,000 per school year toward the veteran's tuition and fees and a monthly subsistence allowance of \$300. This program would be funded through and administered by the Veterans Administration.

Mr. Chairman, the V.F.W. recognizes the undeniable need of the Armed Forces to attract the necessary number of qualified personnel into service. The desire to maintain an all-volunteer force makes meeting manpower requirements more difficult, particularly when military life is viewed with some disfavor, as is currently the case. Therefore, the offering of generous educational benefit incentives for recruitment purposes may be considered a viable means to increase enlistments into the military, and may also help resolve the very pressing problem of retaining a sufficient number of qualified enlisted personnel in a career status. It is becoming increasingly apparent that the educational benefits package as provided for in Public Law 94-502, the Post-Vietnam Era Veterans Educational Assistance Program, is not attracting either the quality or quantity of enlisted personnel into the military that are necessary to accomplishing its mission--with the Army, according to DOD's estimates, some 50,000 short of its authorized peacetime strength. It is also becoming increasingly apparent that the benefits/pay package for military personnel is not sufficient to retain those who are already in service, with the attrition rate in the Army, again according to DOD, being close to 40 percent; with the Air Force falling short of its recruiting goals for the first time this past year; and with the Navy forced to keep ships in port due to the lack of qualified personnel to man them.

The provisions of both S. 2020 and S. 2596 would permit those currently in the Armed Forces to reenlist in order to become eligible for potentially greater educational payments for up to 10 years after the veteran's last discharge. It would thereby allow Vietnam-era and other veterans who have chosen to remain in service to become

eligible for educational benefits of potentially far greater monetary value than those made available to their contemporaries with wartime service who chose to return to civilian life. It would also enable those same veterans to make use of those potentially greater educational benefits for ten years after their retirement from the military--with no "delimiting date" as imposed upon prior educational benefits for those who chose to return to civilian pursuits.

As you know, Mr. Chairman, the V.F.W. has historically supported the awarding of veterans' benefits predicated upon honorable service in the Armed Forces of the United States during periods of war and hostility; that to award such benefits based upon peacetime service would ultimately lead to the dissolution of veterans' benefits. The voting delegates to our most recent National Convention, held in New Orleans, Louisiana, this past August, in reaffirming this position, passed Resolution No. 666, entitled "Oppose Steady Erosion of Wartime Veterans Benefits," a copy of which is appended hereto.

In addition, Mr. Chairman, the voting delegates also adopted Resolution No. 681, entitled "Oppose Transfer of Veterans Programs from VA," and Resolution No. 697, entitled "VA Reorganization," copies of which are also appended hereto. These resolutions both emphasize the importance of the retention of all VA programs within the VA; that no part of any function or program should be in any way removed from the VA. Should the Congress decide to advance such legislation as is under consideration today, we would strongly recommend that the program be administered by the VA, but would interpose no objection to such being funded through DOD.

As you also know, Mr. Chairman, the V.F.W. would not oppose the passage of any legislation which would provide meaningful, needed assistance to our veterans. However, we find it difficult to comprehend that the Congress would seriously consider awarding potentially greater educational benefits for short-term recruitment purposes than those currently available to wartime veterans who are undertaking courses of higher education. Frankly, we believe that many Vietnam-era veterans would find such a course of action repugnant.

In addition, we are not convinced that a legislative initiative as generous

as S. 2596 would promote greater retention among the enlisted ranks of the military. With such generosity, the desire to leave the Armed Forces might prove to be very compelling should no consideration be given to a reasonable and complimentary benefits/pay package as well. It is common knowledge that many service personnel find it necessary to resort to such programs as food stamps in order to more adequately provide for themselves and their dependents.

Mr. Chairman, it is generally acknowledged that these are extraordinary and difficult times for our Armed Forces. If the Congress believes that the offer of educational benefit incentives more generous than those provided under current law to wartime veterans are necessary in order to meet the recruitment challenges of these times, the V.F.W. could only support the enactment of such legislation provided the resulting program was funded through the Department of Defense and administered by the VA. As a result of the enactment of such legislation, however, we suggest that a rational basis would exist for removing the delimiting date from G.I. Bill education and training benefits, the extension of entitlement of the Vietnam-era G.I. Bill educational benefits from 45 to 48 months and for a cost-of-living increase in such benefits by approximately 30 percent. It is well known that there has been no cost-of-living increase for educational benefit recipients since October, 1977, and it is estimated that by October, 1980, the Consumer Price Index will have risen by approximately 30 percent during this time. These positions are embodied in Resolution No. 645, entitled "Removing Delimiting Date from G.I. Bill Education and Training Benefits," Resolution No. 764, entitled "Extend Entitlement of Vietnam-Era G.I. Bill Educational Benefits," and Resolution No. 604, entitled "Cost of Living Increase for Educational Benefits," all of which were adopted at the most recent V.F.W. National Convention held in New Orleans, Louisiana, and copies are appended hereto.

Mr. Chairman, the V.F.W. appreciates your continued interest in our Nation's veterans as evidenced by the holding of this hearing.

This concludes my testimony and I would be happy to respond to questions you may have at this time.

Resolution No. 666

OPPOSE STEADY EROSION OF WARTIME VETERANS BENEFITS

WHEREAS, the concept of veterans benefits has historically been predicated upon service in the Armed Forces of the United States during periods of war and hostility; and,

WHEREAS, there has been a growing trend in the Congress of the United States to extend wartime benefits to those with peacetime service; and,

WHEREAS, there is no correlation between wartime service and that performed during peace by an all volunteer professional military establishment; and,

WHEREAS, further diminishing of the differences between wartime service and peacetime service would lay insidious inroads toward dissolution of veterans benefits; now, therefore,

BE IT RESOLVED, by the 80th National Convention of the Veterans of Foreign Wars of the United States, that we oppose in the strongest possible terms the granting of further veterans benefits to other than those who served during actual periods of war or hostility, those who were drafted or were mustered into Federal service due to the possibility of armed conflict, or those who served in a campaign or expedition, and whose disabilities are attributable thereto.

Adopted by the 80th National Convention of the Veterans of Foreign Wars of the United States held in New Orleans, Louisiana, August 17 - 24, 1979.

Resolution No. 666

Resolution No. 681

OPPOSE TRANSFER OF VETERANS PROGRAMS FROM VA

WHEREAS, there have been suggestions and proposals to the Congress to fragment programs administered by the Veterans Administration by transferring functions of the Veterans Administration to other agencies of government, such as the Veterans Administration G. I. Loan Program and the Veterans Administration hospital and pension programs, to other federal agencies; now, therefore

BE IT RESOLVED, by the 80th National Convention of the Veterans of Foreign Wars of the United States, that we go on record requesting the Congress of the United States to oppose any move to transfer any of the programs presently administered by the Veterans Administration to any other federal agency.

Adopted by the 80th National Convention of the Veterans of Foreign Wars of the United States held in New Orleans, Louisiana, August 17-24, 1979.

Resolution No. 681

Resolution No. 697

VA REORGANIZATION

WHEREAS, Public Law 95-17, the Reorganization Act of 1977, grants the President of the United States authority to revamp Executive Branch agencies below cabinet level, subject to veto by either House of Congress within 60 days; and

WHEREAS, when the President was Governor of the State of Georgia, he attempted to combine the Georgia State Department of Veterans Services with Human Resources; and

WHEREAS, the Veterans of Foreign Wars has historically opposed the splintering of veterans benefits and programs by other departments and agencies; now, therefore

BE IT RESOLVED, by the 80th National Convention of the Veterans of Foreign Wars of the United States, that we oppose any proposed Presidential reorganization or other plan which would abolish all, or part, of the functions of the Veterans Administration, or its programs; consolidate all, or part, of the Veterans Administration and its programs with any other agency; or, change the name of the Veterans Administration, or downgrade the title of the Administrator; or, which would, in any way, dismember the integrity of the programs administered by the Veterans Administration.

Adopted by the 80th National Convention of the Veterans of Foreign Wars of the United States held in New Orleans, Louisiana, August 17-24, 1979.

Resolution No. 697

Resolution No. 645

REMOVING DELIMITING DATE FROM G. I. BILL EDUCATION AND TRAINING BENEFITS

WHEREAS, The G. I. Education and Training Bill eligibility expired December 31, 1976; and

WHEREAS, the expiration of this piece of American Legislation has caused 3.5 million veterans to lose their benefits; and

WHEREAS, every dollar invested in veterans' educational benefits have generated between \$4.00 and \$6.00 in added federal tax revenue as veterans won better jobs and higher salaries; and

WHEREAS, veterans of all ages and for many reasons were unable to use their earned G. I. Educational benefits during the required time, but were hoping at a later date, they would have the opportunity, but since its expiration, now find this opportunity gone; and

WHEREAS, many of the unemployed are veterans with restricted skills and trades; and

WHEREAS, these veterans through the G. I. Educational Benefits could upgrade their skills and trades or retrain for new skills or trades; and

WHEREAS, since Congress has let this great piece of American Legislation stay expired, they have been "penny wise and dollar foolish" in the eyes of the veterans and their friends; and

WHEREAS, Congress let this G. I. Educational Legislation expire with no real justification or compensation to the more than 3.5 million veterans that were unable to use their earned G. I. Educational Benefits; and

WHEREAS, what better tribute can Congress make to and for these veterans than to reopen the expired G. I. Educational Benefits; and

BE IT RESOLVED, by the 80th National Convention of the Veterans of Foreign Wars of the United States, that we seek legislation that would eliminate the termination date for an eligible veteran to use his or her entitlement under the provisions of the Vietnam Era Education and Training Act.

Adopted by the 80th National Convention of the Veterans of Foreign Wars of the United States held in New Orleans, Louisiana, August 17-24, 1979.

Resolution No. 645

Resolution No. 764

EXTEND ENTITLEMENT OF VIETNAM ERA G.I. BILL EDUCATIONAL BENEFITS

WHEREAS, the Veterans of Foreign Wars has always supported equal veterans benefits for equal service; and

WHEREAS, our great organization recognizes that each generation of veterans has needs different from those of earlier eras; and

WHEREAS, Vietnam veterans served their country during a period of vast change in the United States stemming in part from the complication of new technology that has created a highly industrial, urbanized society; and

WHEREAS, the V.F.W. must continue to make every effort in Congress to have more meaningful and up-to-date G.I. Bill educational benefits so that the veterans who fought America's latest war will know that they have not been forgotten; now, therefore

BE IT RESOLVED, by the 80th National Convention of the Veterans of Foreign Wars of the United States, that we seek the introduction and passage of legislation expanding the Vietnam Era G.I. Bill entitlement from 45 to 48 months, thereby making the amount of entitlement equal to the entitlement time for those veterans availing themselves of educational benefits under the World War II G.I. Bill.

Adopted by the 80th National Convention of the Veterans of Foreign Wars of the United States held in New Orleans, Louisiana, August 17 - 24, 1979.

Resolution No. 764

Resolution No. 604

COST OF LIVING INCREASE FOR EDUCATIONAL BENEFITS

WHEREAS, since the last increase in educational benefits in 1977, our nation has been plagued by double digit inflation; and

WHEREAS, costs for education have exceeded the rate of inflation; and

WHEREAS, provision has not been made to alleviate the distressing disparity between educational benefits and the actual costs involved; and

WHEREAS, the returns from these programs have far exceeded the federal investment; now therefore

BE IT RESOLVED, by the 80th National Convention of the Veterans of Foreign Wars of the United States, that we energetically pursue early passage of legislation to correct existing inequities; and

BE IT FURTHER RESOLVED, that we urge Congress to provide for annual increases based on the consumer price index.

Adopted by the 80th National Convention of the Veterans of Foreign Wars of the United States held in New Orleans, Louisiana, August 17-24, 1979.

Resolution No. 604

Mr. STEINBERG. Steve, would you like to proceed?

Mr. EDMISTON. The DAV appreciates the opportunity of being here this morning to express our views on S. 2020 and S. 2596.

The DAV doesn't view these two bills as proposals for new or improved programs of educational readjustment benefits designed to meet the needs of veterans who have set aside or temporarily postponed higher education because of their active military service.

We believe that the pending legislation are proposals which are designed and intended as recruitment and retention incentives for the All-Volunteer Force.

We realize that the All-Volunteer Force has had difficulty in attracting and retaining qualified individuals. Since the legislation before the committee today would provide the Department of Defense with a needed recruitment and retention device, the DAV has no quarrels with such congressional efforts to improve our military forces.

However, we do object, as proposed in Senate bill 2596, to the Veterans' Administration picking up the tab for a DOD recruitment and retention program.

The DAV would not object to the VA administering such a program so long as the Department of Defense was responsible for all necessary funding, but we think that VA involvement in this type of program should be no more than administrative. If there are any necessary changes at all to title 38, they feel they should only be necessitated by the VA's administrative role.

We do not believe it is wise to create a recruitment and retention incentive through the addition of a new chapter to title 38. It is our opinion that title 10, United States Code, is the proper place to put this type of program.

In closing, I wish to reiterate that the DAV does not object to innovative approaches to improving and strengthening the All-Volunteer Force through educational assistance programs, nor do we object to the VA administering such programs with DOD funds.

However, we would strenuously oppose any proposal to establish new programs that are philosophically out of step with veterans' educational readjustment programs we now have and place such cost upon the VA.

That concludes my statement. Thank you.

Mr. STEINBERG. Thank you very much.

[The prepared statement of Stephen L. Edmiston follows:]

PREPARED
 STATEMENT OF
 STEPHEN L. EDMISTON
 ADMINISTRATIVE ASSISTANT
 DISABLED AMERICAN VETERANS
 BEFORE THE
 COMMITTEE ON VETERANS AFFAIRS
 OF THE
 UNITED STATES SENATE
 JUNE 19, 1980

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

On behalf of the more than 668,000 members of the Disabled American Veterans, I wish to express our appreciation for the invitation to appear here today to discuss our views on S. 2020 and S. 2596.

S. 2020

S. 2020 proposes to amend Title 10, USC to allow expanded opportunities for individuals to earn educational benefits based upon their honorable active service in the Armed Forces.

The stated purpose of the proposed Armed Forces Earned Educational Assistance Program is, "...to demonstrate that educational benefits provided as inducement will exact honorable service among Armed Forces enlistees, and that this inducement will reduce first term attrition among volunteers and foster retention in both the regular and reserve components of the Armed Forces."

If enacted, S. 2020 could provide an eligible serviceman with a maximum of 36 months of educational assistance. To

attain basic eligibility the serviceman must complete at least two years of active honorable military service.

Under the provisions of S. 2020, the Veterans Administration would be responsible for administering the program to eligible servicemen. The payment of an educational assistance allowance would be made by the VA to those eligible in the same amount, for the same purpose and under the same circumstances as would be paid if the individual were pursuing a program of education under Chapter 34 of Title 38.

Inasmuch as the proposed program is designed to demonstrate that educational benefits can provide the necessary incentive for retention and honorable service among military personnel, the bill requires semiannual reports to the Congress from the Secretary of Defense.

The Secretary of Defense will be required to report the following information in order that the Congress can evaluate the success of the program.

1. The number of original enlistments and the number of first re-enlistments during the preceding six month period;
2. The retention and attrition rate during such period; and
3. A comparison of the enlistment, re-enlistment, retention and attrition rates during such period with those for comparable periods in the preceding five years.

Section 4 of the bill provides that for budget purposes, the appropriations and expenditures for this program will be borne by the Department of Defense, rather than the Veterans Administration.

S. 2596

Through appropriate amendment of Title 38, USC, S. 2596 would provide a new educational assistance program for individuals who enlist, re-enlist or otherwise enter the Armed Forces after December 31, 1980.

The purpose of S. 2596 is to provide a program of educational assistance as an incentive for individuals to honorably fulfill their enlistment or re-enlistment commitment in the Armed Forces.

If enacted, eligibility would be extended to those individuals who entered military service after September 30, 1980 and who served on active duty for two or more years and were discharged under conditions other than dishonorable.

Under the provisions of S. 2596 an eligible veteran would be entitled to educational assistance for a period of 36 months. This educational assistance must be utilized by the eligible veteran within ten years after his last discharge or release from active duty.

The proposed legislation would authorize the Veterans Administration to pay each eligible veteran the cost of the veteran's tuition and fees or \$3,000 per school year, whichever is less. Also, the Veterans Administration would have the authority to provide each eligible veteran with a subsistence allowance of \$300 per month, in addition to the assistance for tuition and fees.

For budget purposes, the appropriations and expenditures that would be necessitated by this proposed program would be borne by the Veterans Administration.

* * *

Clearly, Mr. Chairman, the pending legislation cannot be viewed in the context of veterans' legislative proposals that are traditionally the purview of this Committee. That is, these two bills do not represent proposals for new or improved programs of educational readjustment benefits designed to meet the needs of veterans who have set aside or temporarily postponed higher educations because of their active military service.

Without a doubt, the fundamental purpose of S. 2020 and S. 2596 is not to assist veterans in their efforts to regain their educational pursuits and become productive members of society as did the programs following World War II, Korea and Vietnam.

Without question, Mr. Chairman, we all recognize the pending legislation as proposals which are designed and intended as recruitment and retention incentives for the all-volunteer military force.

This is clearly set forth in the purpose of S. 2020:

The purpose of this Chapter is to demonstrate that educational benefits provided as inducement will exact honorable service among armed forces' enlistees, and that this inducement will reduce first term attrition among volunteers and foster retention in both the regular and reserve components of the armed forces. The program is designed to provide benefit to both the military service and the individual volunteer.

Like S. 2020, the title of S. 2596 also makes perfectly clear the intent of this proposal:

To amend Title 38, United States Code, to provide a new educational assistance program for persons who enlist, re-enlist, or otherwise enter the Armed Forces after December 31, 1980, to provide for the cancellation of certain education loans in the case of individuals who perform service in the Selected Reserve of the Ready Reserve of the Armed Forces, and for other purposes.

Furthermore, S. 2020 requires, as does S. 2596, the completion of a minimal period (2 years) of active honorable service in order to establish basic eligibility for the educational benefits provided by these proposals.

It is no secret, Mr. Chairman, that the all-volunteer force is in trouble, has fallen short of its recruiting goals and has had great difficulty in attracting and retaining a high quality of enlistees.

Since the legislation before the Committee today would provide the Department of Defense with a needed recruitment and retention device, the DAV has no quarrels with such Congressional efforts to improve our military forces. However, we do object, as proposed in S. 2596, to the Veterans Administration "picking up the tab" for a DOD recruitment and retention program.

As you know, Mr. Chairman, the Veterans Administration has been in the business of administering educational programs to this nation's veterans for more than 30 years. Without a doubt the Veterans Administration has the experience and expertise in administering such programs. Therefore, the DAV would not object to the VA administering such a program, so long as the Department of Defense was responsible for all necessary funding-- both entitlements to veterans and VA administrative and personnel costs.

But, VA involvement with this type of program should be no more than administrative. If there are any Title 38 changes necessary at all, they should only be those necessitated by this administrative role. We do not believe it wise to create a "recruitment and retention incentive" through the addition of a new Chapter in Title 38, as proposed by S. 2596.

We think it important to remind the Committee of the vocal critics of the Vietnam Era GI Education Program and their common charge--that the GI Bill fell far short of providing

adequate educational assistance to those who served during this nation's most controversial war.

Compare if you will, Mr. Chairman, the tuition assistance and the subsistence allowance proposed by S. 2596 with that provided to wartime veterans of the Vietnam Era. Not only does the Vietnam Era GI Bill fall far short in comparison, but the new proposed program is almost comparable with the present Vocational Rehabilitation Program for service-connected disabled veterans.

It is our opinion and belief that Title 10, U.S.C. is the proper place to put this type of program, not only because it is a clear recruitment and retention incentive, but because it will forestall and prevent the storm of protest that would emerge from Vietnam Era GI Bill critics and groups, should it be placed in Title 38 and given the appearance of being a "traditional" VA veterans' educational program.

For your information, Mr. Chairman, on May 15, 1980 the House of Representatives, during consideration of a military authorization bill, adopted an amendment to establish a one year pilot program of educational assistance for the Department of Defense to utilize as a recruitment and retention tool. I am sure that the Senate Committees on Appropriations and Armed Services will be looking further into this House adopted measure.

In closing, Mr. Chairman, I wish to reiterate that the Disabled American Veterans does not object to innovative approaches to improving and strengthening the all-volunteer force through educational assistance programs. Nor would we object to the VA administering such programs with DOD funds. However, we would strenuously oppose any proposal to establish new programs that are philosophically out of step with the veterans educational readjustment benefits we now have and place the cost of such programs upon the Veterans Administration.

That concludes my testimony, Mr. Chairman. I again wish to thank you and the members of the Committee for providing the DAV the opportunity of appearing here today.

Mr. STEINBERG. Mr. Weil?

Mr. WEIL. First, I would like to thank the committee even in its absence for hearing our testimony.

The Veterans' Affairs Commission has always supported education benefits as a positive means of assisting veterans to return to civilian life, and views these bills in that same light.

Our platform states:

We believe that experience has shown that the Federal funds used to pay educational benefits for veterans have been repaid to the Treasury many times over in the form of higher income taxes collected from those whose education financed by the GI bill has resulted in higher earnings.

We supported the GI bill all along—in World War II, the cold war, the Korean conflict, and the Vietnam era. We have always supported the World War II model which provides for separate tuition and support payments.

At our recent national convention held at the beginning of this month in the Poconos, we added the following to our plank on the GI bill:

AVC applauded the passage of a so-called permanent GI bill at the time it was adopted and called it "a reasonable means of enabling servicemen and women to return to civilian life with facility and ease at the end of their service and become useful and productive members of their communities.

AVC regrets that the GI bill is not available to those who enter the volunteer Armed Forces at this time, and that delimiting dates are preventing an increasing number of those formerly entitled to GI bill benefits from taking advantage of these benefits.

AVC favors legislation presently pending in Congress to restore the GI bill and hopes that its provisions will be in line with the provisions of the World War II and Korean war, adjusted for the rise in the costs of living and of education.

Our written statement which we are submitting for the record contains an inspiring quote from Gen. Omar Bradley given at the 25th anniversary of the original GI bill. I will not take the time to read it to you.

When the Vietnam era GI bill ended in 1976, AVC felt an opportunity was being lost that would serve the Nation as a whole. Like others, we hoped that VEAP would take its place. Like others,

we think that trying to fiddle with VEAP now is beating a dead horse.

There are other reasons for bringing back the GI bill. We were formed to help achieve a more democratic America in a more stable world. Over three decades later, the task is still before us.

Acknowledging that the world we live in is not the best of all possible worlds, we recognize that national defense is a key ingredient in achieving that objective.

We, too, believe that the volunteer Armed Forces are not working out as hoped, and we think that adding a GI bill will help the survivability of the volunteer Armed Forces.

We think that the GI bill will not only bring more people into the military, it will attract more middle class and suburban youth who are staying away from military service in droves. With the cost of college education skyrocketing, particularly at private institutions, middle-class families are being less able to provide their children with postsecondary education. New opportunities for Government-supported higher education will be welcomed by many.

We do believe, however, that the assistance provided by the Department of Education to those who do not serve and who go straight into education should be reviewed and should be coordinated with the GI bill so that we are not establishing something that ill fits the total picture.

A more representative military force is desirable both practically and philosophically. Speaking for myself and many members of my organization, the experience of serving with individuals with a great variety of backgrounds, from different locations and social and economic status was an education in itself and a unique experience;

We believe the peacetime GI bill will enhance recruitment efforts and attract a more representative group of individuals to military service.

We, therefore, favor the principle of these bills. We would like to make an observation about the delimiting date on the present GI bill or former GI bill. As noted in our platform, delimiting dates foreclosed the possibility for many veterans to take advantage of their educational benefits.

In the case of the Vietnam-era veterans, many had to delay going to school after they left service for a variety of reasons. AVC is currently conducting a research study on women veterans, and we find that many of those had to stay home to raise small children before they could think of their own education and have now been caught by the delimiting date.

The delimiting date should be reviewed, and those who can make a showing that they could not go for their education earlier should be allowed exemption from the delimiting date.

We commend the committee for considering this important legislation, and we hope it will derive an appropriate peacetime GI bill. We stand ready to assist the committee in study and review, and thank you for this opportunity.

Mr. STEINBERG. Thank you very much for your testimony and for summarizing it.

[The prepared statement of Frank E. G. Weil follows:]

PREPARED STATEMENT OF FRANK E. G. WEIL, CHAIRMAN OF THE VETERANS' AFFAIRS
COMMISSION, AMERICAN VETERANS COMMITTEE

Mr. Chairman and Members of the Committee:

The American Veterans Committee welcomes the opportunity to testify before you today on behalf of the proposed legislation to establish a peacetime GI Bill. My name is Frank E.G. Weil. I am chairman of the American Veterans Committee's Veterans and Armed Services Commission.

AVC has always supported education benefits as a positive means of assisting veterans in returning to civilian life. Many of our own members have utilized past GI bills and have achieved their professional status as a result of this veterans' benefit.

Our platform states:

AVC believes that experience has shown that the federal funds used to pay educational benefits for veterans have been repaid to the Treasury many times over in the form of higher income taxes collected from those whose education, financed by the GI Bill, has resulted in higher earnings.

Consistent with our philosophy, AVC supported the original GI Bill and the Korean, Cold War, and Vietnam era versions of the Bill. In 1972, AVC held a national conference on "The Educational Problems of Vietnam Veterans" at which new directions for upgrading the current GI Bill legislation were discussed and formulated. AVC has always supported the World War II model of the GI Bill - providing veteran-students separate tuition and living allowances. Under this system, veteran-students were able to choose the school that best suited their needs, not the one with the lowest fees.

At our recent national convention, held only a few weeks ago, AVC added the following to its plank on the GI Bill:

AVC applauded the passage of a 'permanant' GI Bill at the time it was adopted, and called it 'a responsible means of enabling servicemen and women to return to civilian life with facility and ease at the end of their service and become useful and productive members of their communities'.

AVC regrets that the GI Bill is not available to those who enter the volunteer armed forces at this time, and that delimiting dates are preventing an increasing number of those formerly entitled to GI Bill benefits from taking advantage of those benefits.

AVC favors legislation presently pending in Congress to restore the GI Bill, and hopes that its provisions will be in line with the provisions of the World War II and Korean War, adjusted for the rise in the costs of living and of education.

The first GI Bill after World War II changed the face of this nation and its educational profile. General Omar Bradley reminded the nation of this fact during the 25th anniversary celebration of the GI Bill.

The World War II GI Bill was an investment in human beings... It has paid unparalleled dividends just as the current GI Bill is already doing for the young veterans of today...

In the GI Bill, Congress offered the veterans a valuable stake in themselves. They took heart in the knowledge that the nation stood ready to back their civilian chances in making good. Veterans wanted only the fair chance to become self-supporting, self-sufficient, self-respecting American citizens...

The GI Bill...provided a uniquely new and different investment in the proven capabilities of our young men and women. It gave them the freedom to find their own security as confidently as they had once sought security for the nation....

The GI Bills give our democratic way of life great strength and vitality. Today, as was true twenty five years ago, it is on America's fighting men that this nation must depend. Their service honors us all, and today, on this Silver Anniversary of the GI Bill, I salute them all.

As General Bradley has so eloquently stated, the first GI Bill was an investment in human beings. The benefits to the nation from it and the bills which followed have been numerous; tangible in terms of tax dollars to the U.S. Treasury; intangible in the quality of life enhanced by higher educational attainments and subsequent professional advancement for millions of Americans who passed on these advantages to their children.

When the Vietnam era GI Bill ended in 1976, AVC felt an opportunity was being lost that would have served the nation as a whole. Like others, we hoped that the Veterans Educational Assistance Program created in 1977 to take its place, would work. We understand that as of December 1978, only 111,731 persons had used Chapter 32 - a rate of 20.2% of those eligible to participate in the program. Furthermore, it has been reported that almost a third who opt to participate drop out of the program. In contrast, the participation rate of veterans in the Vietnam GI Bill is 56.4%. (If active duty personnel are included the rate goes up to 64.8%.) The rate for the Korean bill was 43.4%; for the peacetime cold war version 45.5%. The record of Chapter 32, as contrasted with those of the earlier programs, leads us to believe that it has not served its purpose. Reinstitution of a genuine GI Bill at the present time is very much in order and in the national interest.

There are other reasons for bringing back the GI Bill. AVC was formed "to help achieve a more peaceful world." Over three decades later, the task is still before us. Acknowledging that the world we live in is "not the best of all possible worlds", AVC recognizes that national defense is a key ingredient in achieving that objective. Our platform states:

The world we live in, with its emphasis on speed of operation and technical superiority, demands standing Armed Forces of sufficient size, training, equipment, and organization to be effective immediately for defense and counter attack. It is apparent that the Regular Armed Forces must remain our first line of defense. They must be of sufficient size and mobility for deployment anywhere on the globe within a minimum of time so that we may continue to provide, when necessary, those forces needed for collective security under our international obligation in peripheral conflicts occurring in the strategic localities of the world.

AVC is very concerned today about the ability of the armed forces to meet these criteria. Reports abound of the problems of the present All Volunteer Force in recruiting and retaining needed personnel. In 1979, the Army fell short by 16,000, the number of individuals it hoped to recruit. Furthermore, between 30 and 40% of service members do not complete their initial enlistments. Retention of skilled personnel, particularly NCOs has also become a very serious problem. It has been reported that most army units in the continental United States are under strength. The highly sophisticated weaponry and complicated technology that characterize our present military force place many more demands upon military personnel than the simpler weapon systems of the past. There are serious questions about the effectiveness of the present force. It is our perception that public confidence and belief in the capability of our defense posture has been seriously eroded.

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We think that GI Bill benefits will be an incentive for both recruitment and retention. Educational benefits for military service will also attract the type of individuals who are not volunteering at the present time and who would be valuable additions to the military force. As Senator Armstrong reported, the Army's 1974 survey of recruits showed that educational benefits played a large role in the recruits decision to enlist. The Air Force experience should be recalled - during the three months before the expiration of the Vietnam era bill in December, 1976, the Air Force had a surge of enlistments.

Not only will the GI Bill at this time assist in attracting more individuals into the military, we think it will as well attract more middle class and suburban youth who are staying away from military service. With the cost of college education skyrocketing, particularly at private institutions, middle class families are becoming less and less able to provide their children with post secondary education. New opportunities for government supported higher education will be welcomed by many.

At the present time, the educational levels of male enlistees are lower than their counterparts outside the military. Indeed, a comparative study done by Professor Charles Moskos reveals that these levels are lower than the Army entrants of 1964, the last peacetime year before the war in Vietnam. Professor Moskos has also pointed out that this is exactly the opposite of what is occurring in the civilian sector. National trends show that a higher percentage of youth in civilian society are becoming high school graduates while of those entering military service, the trend is in the opposite direction. (41% of the males in the military who did not have prior service in 1979 did not have high school diplomas as compared to 20% in the general population.) In 1979, only 4% of those entering the military had some college training, whereas in 1964, 13.9% of the enlistees had some college

background. It has been found that discipline problem rates for high school graduates are lower, attrition rates are lower, and that high school graduates generally outperform non-graduates, even in the less skilled m.o.s.'s." Department of Army statistics also reveal that the proportion of black high school graduates exceed that of the whites, and that generally black educational levels are higher than those of whites. However, blacks continue to be underrepresented in the officer corps.

We think that these facts suggest that the All-Volunteer Force is much less representative of American society than was the pre-Vietnam army. Important questions facing the American public today are: Do we want and/or need a more representative military force? Should the burden of military service fall only upon part of the population? In the present situation; the less educated, the less advantaged, those with the least options in our society are fulfilling this role. What are the implications for a society that excuses its privileged and its educated from sharing in the defense of the nation? Is it desirable to have a more representative slice, a sampling of all economic and social classes, to participate in meeting national military manpower needs? Is it possible? And can that be accomplished without resorting to compulsion?

Clearly, a more representative military force is desirable-both practically and philosophically. Speaking for myself and the many members of my organization, the experience of serving with individuals with a great variety of backgrounds, from different locations and social and economic status, was an education in itself and an unique experience.

AVC believes that a peacetime GI Bill will enhance recruitment efforts and attract a more representative group of individuals into military service. Therefore, we urge this Committee to look favorably upon legislation that

will create these post-service educational benefits. At this time, we will not review the details of the bills before you, S. 2020 and S. 2569. Rather we wish to endorse the principles that a peacetime GI Bill today is in the best interest of the country. AVC supports the format of the World War II GI Bill--separate tuition payment to the educational institution and a living allowance to the veteran. We believe the VA is the proper agency to administer the program, and it must be given adequate funding to carry out this mission.

We would like to make an observation about delimiting dates. As noted in our platform earlier, such delimiting dates have foreclosed the possibility for many veterans of taking advantage of their educational benefits. In the case of Vietnam era veterans, and no doubt other veterans, many had to delay going to school after they left service for a variety of reasons: family, health, money problems, psychological readjustment. Particularly, women veterans who often took on roles of wives and mothers which precluded them from pursuing their educational goals for a number of years, lost out on GI Bill benefits. We do not see any reason for a delimiting date for the use of post-service educational benefits, particularly since they are earned benefits. Today, the concept of "continuing education"--of going to school at any and all stages of one's life, is an accepted modus vivendi. There is no reason that we can see why it should not be operative in the case of veterans education. We hope that the Committee will keep this in mind as it reviews the proposals before it.

AVC commends the Committee for considering this important legislation and hopes that it will derive an appropriate peacetime GI Bill. We stand ready to assist the Committee in its study and review.

Thank you for this opportunity to express the views of the AVC.

Mr. STEINBERG. We have some questions that we would like to direct to the panel.

Do any of your organizations have any views on the 1-year tests that we have discussed this morning, either the House-passed provision or the principles that the Armed Services Committee has approved? Phil?

Mr. MAYO. I don't know that the time would be sufficient to really gain an insight into that, what it would accomplish.

Mr. STEINBERG. Mr. Weil?

Mr. WEIL. Our organization has not taken a position. Personally I think we would be fiddling around with a dead horse.

Mr. EDMISTON. We have no position, but I think we would have to agree with Senator Cranston's comments earlier about moving slowly and evaluating the situation carefully, and a 1-year test wouldn't really seem adequate to make those sort of decisions.

Mr. STEINBERG. Do any of your organizations have any position on the 1989 termination date on the current GI bill benefits?

Mr. WEIL. I think it fits in with what I said about the delimitation. Provided that those who could make a good showing can obtain an exemption.

Mr. EDMISTON. The DAV has no official position.

Mr. MAYO. The VFW is mandated in the form of a resolution adopted at its last convention in New Orleans to work for the removal of the delimiting date altogether from the current GI bill.

Mr. STEINBERG. That concludes our questions, and that concludes the hearing.

We thank all of you who have stayed with us to this late hour. We again regret that we got started late, and that the Chairman had to leave.

We now stand adjourned.

[Whereupon, at 12:54 p.m., the hearing was adjourned.]

[The following written statements and other related material were submitted for the hearing record:]

PREPARED STATEMENT OF HON. BOB WILSON, A U.S. REPRESENTATIVE FROM THE
STATE OF CALIFORNIA

Mr. Chairman and Members of the Committee: I appreciate the opportunity to submit testimony today on the use of education as an incentive for enlistment and retention in the Armed Forces and want to express my full support for such a proposal.

Frankly, I feel that we made a mistake when we eliminated the GI Bill at the end of 1976 and the effect is evident in both the number and the quality of the young men and women that we are able to attract to the military service. The current system of monetary enlistment bonuses fails to attract the caliber of individuals that we need in order to operate and maintain the increasingly sophisticated weapons systems of the future.

The Veterans Education Assistance Program (VEAP) which replaced the GI Bill is simply not working. It's time to rethink our earlier decision and seriously consider the restoration of a more comprehensive education program in return for service in the Armed Forces. I believe we can make a good case to some of the best of our high school graduates who for financial or other reasons are unable to go immediately on to college that they spend a certain number of years in the service of their country in return for substantial Federal assistance in financing their educations. It's not unreasonable for the nation's taxpayers to expect some type of repayment in return for an education; military service should be one of the top priorities. In the years of tight budgets ahead, we are going to have to carefully reexamine a number of existing Federal programs, including the current higher education financial assistance, and determine whether this is in fact the best investment of public funds.

Obviously, there are costs involved in a new education program. Several studies have shown, however, that the price tag to the government for veterans' educational assistance has been returned to the Treasury several-fold through the lifetime of taxes paid as a result of enhanced earning capability. Additionally, we're presently spending a great deal of money to recruit individuals who often do not remain in the service a sufficient time to recoup even a portion of the cost of their acquisition and training. With the use of education, it is my belief that we will be able to attract a better quality service member than we are getting now under the up-front dollars system of bonuses.

I am the sponsor of H.R. 4647, a companion to the bill introduced by Senator Cohen, which authorizes educational benefits at the present GI Bill rates and requires a minimum of two years of honorable service before any eligibility is established. As presently constituted, the bill provides that an individual in a critical/combat skill category would earn the maximum 36 months of benefits in four years and those in noncritical/noncombat arms occupations could achieve the 36 months in six years. As a member of the House Armed Services Committee, I wrote the bill as an amendment to Title 10. I'm very pleased by the interest of the Senate Veterans' Affairs Committee in this subject and, should your Committee proceed with the legislation, I would recommend one major revision in the structure of the bill. Rather than the distinction between critical and noncritical skills as I originally proposed, I would suggest that the basic VA educational entitlement accrue at the critical skills rate specified in my bill. Additionally, I would endorse granting the various service secretaries the authority to supplement this basic program with further benefits to attract those in combat or critical specialists. This would give the services the needed flexibility in providing a further incentive for shortages categories while assuring a comprehensive education and readjustment benefits package for all honorably discharged veterans.

As a final note, I would like to discuss an additional subject area. When Congress abolished the Vietnam-era GI Education Bill, we also provided that anyone entitled to educational assistance under the terms of the pre-1976 law must use all benefits prior to 1989 or completely lose them. While this is no problem for the average veteran, it is proving increasingly to be a major obstacle to retention of the career force. A large number of mid-term careerists with pre-1976 service will begin leaving the uniformed services in droves in the early 1980's in order to use their educational entitlement prior to the 1989 termination date. This is a group of experienced personnel that we can scarcely afford to lose. The Navy alone is now short 20,000 skilled petty officers. I have introduced a bill, H.R. 2252, which would provide an additional six years after the date of retirement for use of educational benefits in the case of career personnel, regardless of the 1989 cutoff. While I can fully appreciate the rationale for a delimiting date in most cases, I don't think that we want to encourage the best of our mid-term career people to leave and I would urge you to act to prevent this further "hemorrhage of talent," as the Chief of Naval Operations has termed the loss of those mid-career technicians.

I want to thank you again for your Committee's interest in this vital subject and I urge you to move on the 1989 cutoff date and the establishment of a new educational incentives program.

PREPARED STATEMENT OF G. MICHAEL SCHLEE, DIRECTOR, NATIONAL SECURITY/FOREIGN
RELATIONS COMMISSION, THE AMERICAN LEGION

The American Legion appreciates the opportunity to present its views on education incentives for recruitment and retention of our military members. Our support for such a program is based upon Resolution No. 25 from our 1979 National Convention.

At the onset, we share this Committee's concern about recruitment and retention of both the quantity and quality of young Americans to fully man our active and reserve forces. In response to this concern, our staff has undertaken a comprehensive review of the importance of education incentives and the current manning problems and I ask that this study be made a part of this hearing record when it is completed this month.

As you are aware, The American Legion has consistently supported "G.I. Bill" programs for our war veterans. We have done so on the basis that the G.I. Bill is a readjustment measure to help veterans who served in wartime or during a period when the draft was in effect. When the draft ended in 1973 and the All Volunteer Force evolved, there was strong sentiment in Congress that the G.I. Bill was a "wartime" entitlement and since military service was voluntary, the military entrant no longer needed to be compensated for forced career interruption and impeded opportunities. Thus, the G.I. Bill was terminated for those who enlisted after December 31, 1976.

While the G.I. Bill was never looked at as a recruiting incentive, its impact on recruiting was quite evident as some 100,000 individuals rushed to enlist when it was announced that G.I. Bill benefits would be terminated for individuals entering the service after December 31, 1976. Planners and analysts from the Office of the Secretary of Defense were very much aware of the impact the termination of the G.I. Bill would have on recruitment, and so petitioned Congress to enact the Veterans Education Assistance Program (VEAP).

VEAP is a five-year experimental program provided under Chapter 32 of Title 38, United States Code, which requires a contribution by the participant with a two to one government contribution. Additionally, under certain circumstances, enhanced incentives in the form of increased matching contributions by the Department of Defense are being offered under the VEAP program on a test basis. However, it is difficult to compare benefits under the VEAP Program with those under Chapter 34 of Title 38, U.S. Code. The most important distinction is in purpose--the G.I. Bill was designed to provide readjustment benefits and wartime compensation to war veterans. VEAP by contrast was created to be a peacetime recruiting and hopefully retention tool in an all volunteer environment.

The legislation currently before this Committee, S. 2020 and S. 2596, would establish new educational programs for service personnel. The purpose of S. 2020 is to provide an inducement for honorable service and to reduce first term attrition and foster retention in the regular and reserve components. The program would be funded by the Department of Defense and administered by the Veterans Administration. Accrual of entitlement would be at varying rates depending on whether the servicemember has been designated as having a critical military skill. Eligibility would be limited to those having a high school diploma or the equivalent at time of enlistment or reenlistment. No educational assistance would be afforded to a member who fails to complete the first two years of qualifying service under honorable conditions. Entitlement would have a ten year delimiting date following discharge or release from service, and the amount of benefits to be paid would be the same as those under chapter 34 of Title 38.

S. 2596 appears to contain objectives similar to S. 2020. However, funding would be under Title 38, which The American Legion opposes. Unlike S. 2020, this proposal would pay benefits of \$300 per month plus the veteran's tuition and fees up to a maximum of \$3000 per school year. Eligibility would

be afforded to those who served on active duty for a period of two years or more and were discharged or released under conditions other than dishonorable. Like S. 2020, S. 2596 would afford no educational assistance beyond 10 years after discharge or release.

To spell out our position on these proposals, we support legislation that provides for balanced educational benefits that will enhance recruiting and retention. However, we recommend that the benefits be authorized and funded under Title 10, U.S. Code and administered by the Veterans Administration since that agency already has in place a model under VEAP. Furthermore, it is the feeling of The American Legion that the Veterans Administration should be reimbursed by the Department of Defense for the cost of administering this program. Using these criteria, S. 2020 is closer to our position than S. 2596. S. 2020 is funded by the Department of Defense and contains more restrictive eligibility provisions which will hopefully increase the skill and educational levels of those entering the Armed Forces.

As you are aware, the Senate Armed Service Committee in the Defense Authorization Bill has proposed to liberalize educational benefits for uniformed personnel on a one year test basis. Also, the VEAP program is under active evaluation by the Veterans Administration and the Department of Defense. The appraisal of that program's effectiveness will be made to the President before June 1, 1981. While we support educational incentives to improve recruitment and retention, The American Legion hopes that this Committee would withhold its approval of any legislation until the Armed Services Committee action is implemented and the VEAP evaluation is completed.

In closing, let me voice our view that an education assistance plan alone will not solve the military manpower problems to be faced in the coming years. We must also address the issues of adequate compensation, benefits, quality of life and perceptions of military personnel in a comprehensive way if we are to man the force with the quantity and quality necessary.

RECRUITING AND RETENTION FOR THE ALL-VOLUNTEER FORCE

In the past 10 years, The American Legion has addressed the issue of military pay and allowances on only four occasions that could be construed as a direct attempt to raise the pay of active duty service people. The issue was alluded to on several other occasions, but only on an ancillary manner and as back-up information used in urging action on a larger problem.^{1/}

Also in the past 10 years, The American Legion has addressed specific problems affecting the welfare, morale and well being of active duty and retired service people on 28 separate occasions, and veterans benefits on 21. Subjects addressed and numbers of resolutions are as follows:^{1/}

Commissary and Exchange	6
Retired Serviceman Family Protection Plan	1
Medical Benefits	5
Housing	2
Retired Pay	14
Improvements in G.I. Bill	21

Since 1973, when conscription ended, the armed forces have been competing for manpower with the private sector. The success of this venture, called the All-Volunteer Force, has been the subject of no little debate by a diverse group of experts and interested individuals ranging from university professors to Congressional staffers, to administration spokesmen, all of whom approach the debate with different sets of statistics.

For any meaningful discussion, the All-Volunteer Force must include all of the following components from all of the Armed Forces: Active duty servicemen and women, members of the Selected Reserves, members of the National Guard, members of the Individual Ready Reserve (IRR). When measured in this true context of all branches, and all components, the success of the All-Volunteer Force is much less apparent.

Over the years, the Armed Forces have used two methods of predicting success in the military. The best of these is the possession by the enlistee of a high school diploma. High school graduates have more leadership potential, the levels of discipline and motivation are higher and the re-enlistment rate is higher.

The second method of success prediction is the categorizing of enlistees into mental groups based on performance on the Armed Forces Qualification Test (AFQT). Recruits who attain higher scores on the AFQT tend to learn and retain proficiency, learn more quickly and experience less attrition as a group than those of lower achievement on the AFQT. The following table equates AFQT performance with Mental Category:

MENTAL INTELLEGEENCE GROUPINGS

<u>Mental Category</u>	<u>Percentile</u>	<u>Definition</u>
I	93-100	Superior
II	65-92	Above Average
III	31-64	Average
IV	10-30	Marginally qualified for military service
V	0-9	Not qualified for military service

Individuals tested at the category V level are precluded from service in the Armed Forces by law. In addition, Congress and DOD have limited the number of category IV individuals permitted to serve on active duty. Recently, however, the Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics, reported to the Congress, " . . . my growing conviction that the calibration problem with today's test, combined with the effects of test compromise, means that the reported mental test scores of our recruits, at the lower ability levels have, in fact, been inflated."^{2/}

It appears that about four times as many mental category IV recruits have joined the Services than were previously believed; or about 25% of the DOD accessions in 1979 were mental category IV, while in the Army about 45% of the recruits were in this category.^{3/}

RECRUITING

ARMY: The Army's problem typifies the difficulties in recruiting necessary manpower. While the Army is only one of the ingredients of the All-Volunteer Force, it is the Service with the largest demand for manpower and if it cannot attract sufficient strength, the All-Volunteer Force cannot survive.

In FY 1979, the Army had the largest shortfall in recruiting in the history of the All-Volunteer Force----- a shortage of 16,400. For the personnel recruited: 64% of non-prior service male accessions were high school graduates; 43% of the recruits were in average and above mental categories; 48% of the recruits were in what was designated at the time as Mental Category III-B. FY 1979 could not be described as a successful recruiting year.^{4/}

NAVY: The recruiting results for the Navy have been a problem since 1973, the first full year of recruiting for the All-Volunteer Force. The annual goal has been met only twice since that time. The FY 1979 goal of 93,390 was not met. The shortage was 5,045. The 1980 goal is 9,000 more than last year's goal. Like the other services, the Navy is facing a recruiting climate with a declining youth population, and increased competition with the other services

as well as private industry.

During 1979, the Navy altered its quality standards by placing recruiting emphasis on mental categories rather than on whether or not a potential enlistee was a high school graduate. In FY 1979, the goal high school graduates was 76 percent. No goal is stated for 1980. This change in strategy is presumably due to the inability of the Navy to compete for high school graduates in a meaningful manner.

The Navy is also having difficulty in recruiting officers. At the end of FY 1979, the shortfall in officer recruiting was approximately 800 or approximately 14% ----- with the shortage concentrated in the fields of nuclear power, civil engineering and aviation maintenance.^{6/}

MARINE CORPS: The Marine Corps was unable to attain its recruiting goal for enlisted personnel in FY 1979. Recruiting was 1,200 short of the established goal in FY 1979, although the quality criteria of 75% high school graduates was maintained.

For the first quarter of FY 1980, Marine Corps recruiting was 1,200 below the plan; 62% of those enlisted were high school graduates. Recruiting remains difficult. Retention among career personnel is beginning to show signs of deterioration. As the Commandant stated in testimony before the House Armed Services Committee, "*You have a quality Marine Corps, but is a quality Marine Corps in spite of the All-Volunteer Force and not because of it.*"^{7/}

AIR FORCE: For the first time in the All-Volunteer era, the Air Force missed its recruiting goal in FY 1979. The Air Force shortfall was 1,400 although 82% of those enlisted were high school diploma graduates. The FY 1981 recruiting objective is over 15,000 (24%) higher than what was achieved in FY 1979. The Air Force is requesting an additional 360 recruiters for FY 1981 to improve its prospects. The Air Force is also increasing the number of prior service personnel it will accept for enlistment from 1,200 in FY 1979 to over 5,000 in FY 1981.^{8/}

RETENTION

Retention is also a key problem in the Navy and Air Force. The Navy is currently short 20,000 experienced Petty Officers. Despite a retention goal of 60% of trained personnel, the Navy is retaining only 47 percent. Surface warfare officers, pilots and nuclear qualified officers are leaving the Navy in unprecedented numbers.^{9/}

The Air Force shortage of rated pilots is 1,302. If the current rate of retention persists, the Air Force will be short 3,400 by FY 1982. With the cost of training a pilot at \$900,000, the Air Force simply cannot afford the low retention rate currently being experienced.^{10/}

Low retention rates impact on each of the Services in different ways. Shortages of skilled personnel mean longer hours and extra duty for those still in uniform which adversely affects retention. Lack of skilled personnel also means a lower standard of maintenance and repairs for the sophisticated equipment currently deployed with our armed forces. Both of these facts constitute irritants to service people. In the past five years, only the Air Force has succeeded in stabilizing enlistments for career regulars at an acceptable level. The following tables are applicable:

DEPARTMENT OF DEFENSE
REENLISTMENT RATES BY SERVICE - CAREER REGULARS

YEAR	TOTAL	B/ ADJUSTED			
		ARMY	NAVY	MARINE CORPS	AIR FORCE
<u>FY 1970</u>					
ELIGIBLES	155,950	48,853	42,124	9,488	55,485
REENLISTMENTS	178,272	53,370	56,040	6,942	49,720
REENLISTMENT RATE	82.3%	72.8%	83.6%	73.3%	89.6%
<u>FY 1975</u>					
ELIGIBLES	154,659	55,792	30,865	7,619	60,383
REENLISTMENTS	120,076	40,046	24,773	5,764	49,443
REENLISTMENT RATE	77.6%	71.8%	80.3%	75.7%	81.9%
<u>FY 1977</u>					
ELIGIBLES	159,276	69,713	29,069	8,644	52,550
REENLISTMENTS	120,357	47,992	20,888	6,229	45,488
REENLISTMENT RATE	75.5%	68.8%	71.9%	72.1%	86.6%
<u>FY 1976</u>					
ELIGIBLES	159,106	77,568	31,597	9,643	45,498
REENLISTMENTS	113,216	48,415	20,682	6,653	37,466
REENLISTMENT RATE	71.2%	66.7%	65.9%	69.0%	82.4%
<u>FY 1979</u>					
ELIGIBLES	162,691	75,320	29,290	15,743	42,338
REENLISTMENTS	109,387	47,791	18,408	8,037	35,151
REENLISTMENT RATE	67.2%	63.5%	62.8%	51.1%	83.0%

B/ "ADJUSTED" REENLISTMENT RATE - THE "UNADJUSTED" RATE ADJUSTED TO EXCLUDE THE EFFECTS OF: (1) EARLY SEPARATIONS FOR IMMEDIATE REENLISTMENTS AND (2) OTHER EARLY DISCHARGES OF ELIGIBLES UNDER EARLY PROGRAMS FOR STRENGTH COMBOD PURPOSES.

TABLE 1

Often overlooked in examinations of the All-Volunteer Force are the Selected Reserves and National Guard. These units are an integral part of the Total Force and constitute a critical portion of the All-Volunteer Force without which the active forces could not in most cases perform their assigned missions.

Some of the Reserve and National Guard capabilities are shown below expressed as a percentage of the Total Force mission.^{11/}

Army National Guard

- 33% of the combat division;
- 72% of the separate brigades;
- 57% of the armored cavalry regiments;
- 63% of the infantry battalions;
- 41% of the mechanized infantry battalions;
- 42% of the tank battalions; and
- 48% of the field artillery battalions.

Army Reserve

11% of the separate brigades;
 33% of the Special Forces group;
 9% of the field artillery battalions;
 44% of the medical units;
 33% of the combat support aviation companies; and
 30% of the combat engineer battalions.

Naval Reserves

100% of Navy U.S. based logistic airlift;
 99% of Navy control of shipping organization;
 88% of Navy ocean minesweepers;
 86% of Navy in-shore undersea warfare units;
 86% of Navy cargo handling battalions;
 68% of Navy mobile construction battalions;
 66% of Navy special boat forces;
 35% of Navy maritime air patrol squadrons;
 35% of Navy medical support personnel;
 34% of Navy intelligence personnel;
 14% of Navy tactical air wings;
 10% of Navy surface combatants (destroyers);
 8% of Navy base operating support personnel; and
 5% of Navy amphibious warfare ships.

Air Reserve (flying units)

63% of strategic interceptors;
 57% of tactical reconnaissance;
 33% of tactical fighters;
 61% of tactical airlift;
 21% of strategic tankers;
 35% of rescue missions;
 30% of special operations forces;
 62% of tactical electronics warfare;
 35% of weather reconnaissance;
 48% of strategic airlift aircrews; and
 35% of strategic airlift maintenance.

Air Reserve (non-flying units)

81% of medical service squadrons;
 70% of combat communications units; and
 57% of aerial port units.

While accessions for the Selected Reserves have increased for the first time in more than six years, the Reserves and National Guard programs remain more than 130,000 people short of peacetime objectives and 170,000 below wartime objectives.

As is the case with the active force, the problem is in the Army. Air National Guard and Air Force Reserve programs are in good condition. The

quality of recruits is an important indication of the character of the program. For FY 1979, the Army National Guard goal for high school graduates was 55%; it achieved a level of 63 percent. Approximately 70% of those recruited were in mental category III. In the Army Reserve, however, although the goal for high school graduates was 69%, only 47% of those enlisted were high school graduates. While approximately 70% of enlistees were in mental category III, most of the enlistees were in the lower range of this category. Over all, in FY 1979, 74% of all enlistees in the Army Reserve were in mental categories III-B and IV.^{12/}

It should be recognized at this point that as a matter of Army policy, all women enlistees in the Army Reserve and Army National Guard are high school graduates. This fact tends to skew the percentage totals upward. One should also recall that the reliability of mental category distinctions is in question. These facts tend to show that the recruiting results for the Army National Guard and the Army Reserve in particular are not favorable.

The current shortages on the Individual Ready Reserve are the result of a decreased size in the active force, lengthened enlistments, more enlistments in the active force and prior service Selected Reserve enlistments. Estimates of the shortages of the IRR range up to 500,000. While there is little agreement in the total shortage, it is generally agreed that the Army segment of the IRR shortage is 270,000.

QUALITY OF LIFE

It can be fairly stated that while pay and allowances are probably the primary reason for entering and remaining, or conversely not entering or not re-enlisting in the armed forces during the All-Volunteer era, the corollary benefits or entitlements received as a result of service are also of major importance to service people faced with a decision to re-enlist. This is especially true for those who are faced with a career decision, i.e., at the

6-12 year mark.

These corollary benefits have been characterized quite accurately as relating to the "Quality of Life" and include, but are not limited to, such items as quality medical care for the service person and dependents, commissary and PX privileges, housing (or housing allowances), work facilities, and community support facilities.

Budgetary constraint over the past few years had restricted the growth of improvements in the area of quality of life to the extent that 15% of unaccompanied soldiers live in substandard barracks. This statistic, coupled with loss of purchasing power (7-20% since 1972), high cost housing areas without adequate reimbursement, inadequate reimbursement for moving costs, higher transportation costs, and limited community facilities continue to plague service families, and are one direct cause of the extremely low re-enlistment rates for skilled personnel.^{13/}

The work environment also plays a major part in career decision-making. Pilots who are constrained from flying due to the restricted ability of the services to purchase fuel will not stay in the service. Boiler technicians forced to work much longer hours due to reduced manning will not remain in the service. Air frame and electronics technicians forced to work nights and weekends due to reduced manning will leave the service.

Increased pay and benefits can help make an adverse work environment more tolerable, but only to the extent that manning levels are increased so as to reduce the amount of extra duty necessary to accomplish the mission. Increased pay and benefits do not permanently improve the quality of life.

CONCLUSIONS

The primary conclusion to be drawn from the foregoing is that the levels of manning, levels of education of recruits for the Army, levels of retention for the various branches of the Armed Forces, primarily the Navy and Air Force,

do not meet the requirements necessary for a credible deterrent force. The Selective Service System is not now capable of providing the minimum number of personnel necessary in the event of a mobilization. The Armed Forces have become the "employer of last resort" for the economically disadvantaged youth of our nation.

In the past 10 years, no less than six major studies have been undertaken, two of which carried the stamp of a "Presidential Commission."^{14/} All of these studies examined military service and the compensation in many different contexts. All made far reaching recommendations regarding military compensation. However little has been done to remedy the decline in the buying power of the income provided by our government to the members of the Armed Forces. Basic pay and benefits have not kept pace with the real income and fringe benefits of non-service workers in the U.S. since January 1972.

What can be done? A number of solutions are available to both the recruiting and retention problem but the basic requirement is this: The Administration and the Congress must make service in the Armed Forces honorable and indeed a duty in the eyes of Americans and more attractive in terms of compensation and the quality of life available to people in the armed forces.

By implementing the second two, the first will follow, provided the requisite amount of leadership is displayed by all concerned, including the President and the Congress.

The armed services have become the employer of last resort, especially for that segment of American youth which has not obtained a high school diploma. That segment also tends to be economically disadvantaged. Thus, the more affluent youth, from which the majority of our future leaders can be expected to be drawn, have in effect turned up their noses at military service. Interestingly enough, according to the Army the percentage of black accessions with high school diplomas is higher than that of whites, which indicates that the employment opportunities available in the civilian economy for black high

school graduates are not as numerous as those for whites. This fact, however, is a problem the Armed Services cannot address.

One of the more obvious solutions to the recruiting problem, though the most difficult to implement from a political standpoint, is conscription. Several obvious benefits accrue from a conscription policy with few or no deferments.

First, accessions to Reserve Components and National Guard Units are very likely to increase substantially as young men enlist to serve in duty positions of their own choosing rather than accept the dictates of the needs of the service into which they are conscripted.

Second, accessions of high school graduates into the Army are very likely to increase substantially. In the first half of Fy 1980 only 37.5% of male accessions into the Army held a high school diploma. This is an unfavorable comparison with the Air Force with an 80.5% males with diploma accession rate. An increase in the accession rate of males with high school diplomas can only help the quality of the total Army.^{15/}

Third, while initially a vocal minority would undoubtedly object to the return of conscription, the great majority of young men (and perhaps women) would serve honorably and well. Duty in the Armed Forces builds character, teaches discipline and leadership, and fosters a sense of duty to country. Once again, leadership on the part of the Administration and the Congress is called for. This country must begin to inculcate a sense of duty to country, a sense of responsibility to one's neighbors, a sense of citizenship and patriotism in the minds of youth. The "me-generation" must be transferred into the "we-generation." Conscription would further this goal.

While recognizing that the issue of conscription will undoubtedly be avoided in an election year, it must be considered on its merits at some time in the near future.

The Department of Defense is also experimenting with educational incen-

tives to attempt to attract quality people. The basis of these is the original G.I. Bill. An evaluation of this type of legislation over the years is useful to examine

The impetus for the enactment of PL 78-346, "The Servicemen's Readjustment Act of 1944," was the very real desire and need to assist large numbers of returning servicemen to readjust to civilian life after the hardship and dangers of war service. Similar readjustment assistance and assistance programs were also provided for the veterans of the Korean and Vietnam conflicts in recognition of their wartime service. Three generations of war veterans have relied on the continued availability of these programs as an enlistment incentive. However, those whose military service was only during the so-called "Cold War" (January 31, 1955 - August 4, 1964), were not initially eligible for such benefits on the basis that this was essentially peacetime military service. The nature and extent of the personal risks and hardships experienced by the majority of personnel during this period were not considered to be of the same degree and those encountered during wartime.

Subsequently, due to the continued reliance on conscription as one of the primary methods of obtaining manpower for the Armed Forces, and the series of international crises which characterized the "Cold War" period, PL 89-358, "The Veterans Readjustment and Benefits Act of 1966" extended eligibility for the readjustment assistance programs created for those entering service during the Vietnam era to those veterans who served during the "Cold War."

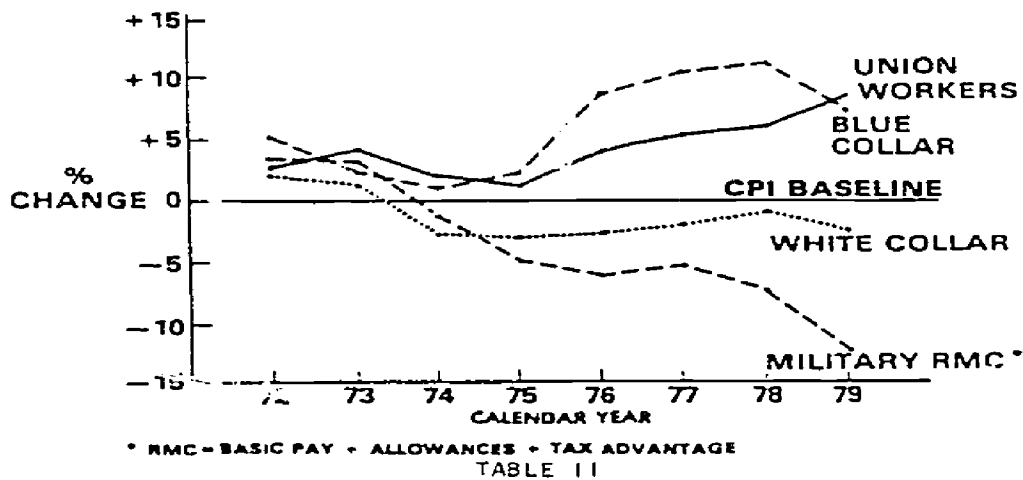
Improved and expanded in-service education and training programs, including the post-service G.I. Bill benefit programs, together with various other benefits, have contributed to the perception of the military service as providing a viable short term or long term career alternative to civilian employment. While in-service programs of education or training represent obvious incentives and inducements for entering service in the AVF, post-service benefits become significant disincentives to retention upon accrual of maximum training or

entitlement. The incentive to remain on active duty beyond this point, must be found elsewhere.

This problem is exacerbated by a growing perception that the overall monetary and non-monetary benefits of service are not equivalent or comparable to those available in civilian life. The education program of the All-Volunteer Force is not considered "good" against the yardstick of earlier G.I. Bill programs. Careerists with entitling Vietnam service must also consider a potential loss of future benefits since the Vietnam era G.I. Bill expires in 1989.

In the absence of a military draft and many of the training programs of the All-Volunteer Force, the incentive of either in-service or post-service education programs have little, if any, significance for many who do not expect to ever enter military service. Additionally, there are a variety of federal programs of educational assistance which in many ways duplicate the programs of DOD and VA without the obligation of military service. The total dollar value of these programs is \$3.2 billion.^{16/}

It is convenient when discussing pay and allowances for service people to refer to the total of all entitlements and "Real Military Compensation" (RMC). For purposes of this discussion, RMC is defined as the total of basic pay, plus allowances, plus tax advantage. The tax advantage calculation is necessary since the allowances paid to service members are not taxable income. The following chart illustrates the relative change in the purchasing power of members of the Armed Forces as compared with other people in other professions.



One other method of comparison which is useful in this instance is comparison of an entry level serviceman's basic pay with the federal minimum wage. Upon successful completion of basic training, service people are promoted to the pay grade E-2. Below is a comparison of E-2 basic pay with the federal minimum wage:

COMPARISON OF E-2 BASIC PAY WITH FEDERAL MINIMUM WAGE

FY	Basic Pay	Hourly Wage a/	Minimum Wage b/	Percentage
70	\$127.80	\$ 0.74	\$ 1.60	46
71	149.10	0.86	1.60	54
72	320.70	1.85	1.60	116
73	342.30	1.97	1.60	123
74	363.30	2.10	2.00	105
75	383.40	2.21	2.10	105
76	402.60	2.32	2.30	101
77	417.30	2.41	2.30	105
78	443.10	2.56	2.65	96
79	467.40	2.70	2.90	93
80	500.10	2.89	3.10	93

a/ Hourly wage is calculated as 12 months basic pay divided by 52 weeks at 40 hours per week.

b/ Source: Table 11a, History of Federal Minimum Wage Under the Fair Labor Standards Act.

TABLE III

The first requirement to address recruiting and retention problems is that basic pay, that part of real military compensation which the servicemen can use to purchase goods and services, must rise in conjunction with the rise in the costs of those goods and services. A convenient measurement of this cost is the CPI; therefore:

- A. A catch up raise of basic pay in the neighborhood of 15 is necessary now.
- B. Basic pay for all service people must be tied to the CPI and rise as the CPI rises.
- C. To make this more politically acceptable, military pay should be decoupled from civil service pay with no pay caps permitted for military pay.

It is unreasonable to expect military people and their families to absorb the costs of a move ordered by the military, therefore:

- A. Military families moving at the convenience of the service must be reimbursed for the full costs of the move to include all travel and transportation costs.
- B. The basic allowance for quarters must be keyed to the area in which the military families will reside.

The Secretary of Defense should be given the discretion to provide each Service Secretary with enough money to pay bonuses to people who enlist or re-enlist in those skills critical to the readiness posture of the Armed Forces. These bonuses can take the form of educational incentives, monetary incentives, or choice of assignment consistent with the need of the Service.

Central in any recommendations to meet the manpower needs of the armed forces must be the clear distinction between the concept of readjustment benefits for veterans of wartime service and those ad hoc initiatives and improvements specifically designed to enhance enlistment and retention. Administration for any such programs should be provided by VA on a reimbursement basis.

Considering the essentially differing needs and missions of each of the Services, it is desirable that the respective Service Secretaries be provided the wherewithal to effectively manage any educational benefits programs used as a recruiting or retention tool to insure that personnel in the right mental

categories are recruited and retained. A varied mix of pre-service benefits such as a loan forgiveness program, in-service programs such as tuition assistance, or post-service programs, such as what used to be called the G.I. Bill should be made available to each service based on the needs of that service.

It should be noted that the availability of the Vietnam era G.I. Bill did seem to serve as a recruiting incentive even though it was not specifically intended as such. Two significant things happened as a result of the dual announcement that the Vietnam era G.I. Bill would be terminated in 1989, and all enlistees after January 1, 1977 would no longer be eligible for G.I. educational benefits. First, there was an extremely large increase in the number of Delayed Entry Program enlistments during the last quarter of 1976. Second, the number of higher mental group accessions significantly decreased after January 1, 1977.

One may infer from this data that the replacement of the G.I. Bill benefits with the less lucrative Veterans Educational Assistance Program of the All-Volunteer Force resulted in the loss of a major enlistment and retention incentive for higher mental group personnel.

The Congress must also recognize that certain facets of military life have come to mean a great deal in the eyes of military people. The commissary provided a lower cost to the service family for certain food items. This lower cost has come to be viewed as a benefit provided the service family, not as a convenience to the Defense Department. The annual effort to end the commissary subsidy does nothing to boost the morale of service people and their families. In fact, it is just another irritant that pushes quality people out of the Service.

The annual request for military construction funds provides a less direct incentive for remaining on active duty. There has been a tendency in the past to down grade the importance of the modernization and construction of new family housing and barracks. In the recent past, this funding has taken a back seat

to new construction associated with readiness or new weapons systems, perhaps justifiably so. However, this has resulted in substandard or inadequate quarters available to service people and their families. Once again, the incentive to leave the service is reinforced. A five year plan for new construction of military housing must be implemented. Included in the plan must be a comprehensive survey of all existing military housing to determine which can be retained as is, which can be retained with improvements, and which should be razed and replaced.

Attention to the plight of servicemen is not new. It crops up from time to time as pay levels of the Armed Forces are eroded by constraints on the defense budget coupled with inflationary pressures of the economy in general. The last major pay raise other than cost of living increases took place in 1972. On the other hand, the attention given to military pay in the past 10 year had resulted in the six studies mentioned earlier. The point is that studying the problem does not solve the problem. The old phrase that the President proposes and Congress disposes is relevant here. In the case of each study, the President has made proposals to the Congress to change the system of compensation for the military. In each case, the Congress has not implemented the changes. The time has now come to stop studying and act.

The time has come for the leadership in both the Executive Branch and the Congress to realize that our nation's future as a free society is being jeopardized in the name of "cost effectiveness." The President and the Congress must realize that boiler technicians and electronic repairmen, and pilots, and infantrymen, and supply specialists are not interested in being cost effective servicemen. What they are interested in is a reasonable living wage for themselves and their families in return for their dedication to the jobs they perform under considerably less than ideal conditions. Most service people are proud of their uniforms, their service and their country. They deserve adequate and just compensation. In the end, our country will receive the quality of service for which it is willing to pay. Freedom is not free!

APPENDIX A

(Footnotes)

- 1/ Proceedings of the National Convention and National Executive Committee of The American Legion 1969 through 1979.
- 2/ Robert B. Pirie, Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics). "Manpower Overview Statement," 19 February 1980, page 11. A statement prepared for the House Armed Services Committee, U.S. House of Representatives.
- 3/ The reliability of the Armed Forces Qualification Test has been questioned by DOD. While the apparent degree of test inflation cannot be stated with complete accuracy; statistical sampling suggests that the Mental Category IV input is approximately four times the earlier reported rates.
- 4/ House Armed Services Committee Report with Dissenting Views to accompany HR 6974, Report No. 96-916. page 118.
- 5/ Navy Recruiting Command 1979 Annual Report, F.H. Miller Rear Admiral, United States Navy, Commander.
- 6/ House Armed Services Committee Report with Dissenting Views to accompany HR 6974, Report No. 96-916. page 123.
- 7/ Ibid page 125.
- 8/ Ibid page 126.
- 9/ Ibid page 123.
- 10/ Ibid page 126.
- 11/ Ibid page 129.
- 12/ Ibid page 131.
- 13/ Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics). "Adequacy of Pay Study," October 1979, page 8.
- 14/ Studies are listed as follows:
 First Quadrennial Review of Military Compensation 1969
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 Interagency Committee Proposal 1971
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- 15/ Information Paper, Report of Accessions--all Services, DAPE-MPR-R 7, April, 1980
- 16/ Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics). "Educational Incentives Study," 9 February 1980, page 644.

APPENDIX B

- Table I Department of Defense, Washington Headquarters Services, Directorate for Information and Reports, Selected Manpower Statistics, FY 1979, page 143.
- Table II Organization of the Joint Chiefs of Staff, "United States Military Posture for FY 81," January 1980, page 38.
- Table III Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics), "Educational Incentives Study," 9 February 1980, page B-3.



PREPARED STATEMENT OF
ASSOCIATION OF THE UNITED STATES ARMY

2425 WILSON BOULEVARD, ARLINGTON, VIRGINIA 22201 (703) 841-4300

19 June 1980

A Statement To
The Senate Veterans' Affairs Committee

Mr. Chairman, members of the Committee, the Association of the United States Army appreciates this opportunity to express our concern about the current absence of a proper educational incentive in our armed forces. As you are well aware, we are sure, our forces are experiencing severe problems in attracting good people in sufficient numbers and retaining adequate numbers of those who do enlist. The issues underlying our difficulties in recruiting and retention are wide ranging and complex but it seems certain to us that the lack of an acceptable education incentive is a major contributor.

When the men and women who served in World War II returned to their homes after the war many of them took advantage of the first-time availability of educational benefits as a reward for service. We need not tell you that the products of the "G. I. Bill", as it was known, now occupy positions of influence and leadership in every walk of American life. Their roster would read like a veritable "Who's Who." The nation has never made a better investment in its own future.

As long as we had a drafted or draft-induced Army, the G. I. Bill was there in the role of a reward for service to the country. At that time, it was not widely considered to be an incentive to serve, although some people unquestionably enlisted for the purpose of eventually using the G. I. Bill. Between 1945 and 1976 the G. I. Bill became part of the background for service in our armed forces.

But, less than four years into the All-Volunteer concept of U. S. military service, the G. I. Bill was, for all practical purposes, cut off, to be replaced by a plan which requires its participants to pay part of the cost out of their own pockets. You all know this plan has not been much of a success. You no doubt realize, too, that the 31 December 1989 cut-off date set for complete use of all pre-1977 G. I. Bill educational entitlements will encourage many eligible service people to leave active duty before completing a full career so the entitlement is not lost. This situation is, at the very least, contradictory to the need to keep good

people in uniform as long as possible.

The armed forces are now at a cross road in their pursuit of volunteerism. They are trapped between the need to recruit as many people as possible and the parallel need to get the kind of people who can absorb and retain the training they receive on our ever-more complex weapons systems. We need more high school graduates than we are getting. We need more people in aptitude categories one, two and three-A. These are the very groups of people who could be better motivated to serve in the armed forces by an educational incentive.

The need to enrich the force with people of greater aptitude was given added force last week by the announcement from the Chairman of the Senate Armed Services Subcommittee on Manpower, Senator Nunn, that he would propose a 25,000 reduction in the Army's strength and would permit a return to full authorized strength only as gains in the numbers of high school graduates were achieved. The Association of the United States Army strongly disagrees with Senator Nunn's approach. While his proposal represents an acknowledgement of the severity of the problem in the Army, it does not include a package of incentives which would make it likely that more high school students could be induced to enlist.

It is ironic that we must note, as we discuss the value of educational incentives for service in the military establishment, that another agency of the Federal Government is the Defense Department's most significant competitor for the funds available to support higher education. In Fiscal Year 1980 the Department of Education will spend \$4.4 billion to provide major assistance to civilian college students, none of whom acquire any obligation to the government beyond the sometimes repayment of loans. The Association of the United States Army believes this is, at best, counter-productive to the need for more high quality people in the armed services.

This assistance program, we remember, had its genesis in a desire to improve the ability of disadvantaged youths to get a higher education. As the overall program exists today, however, \$3.24 billion of the total program administered by the Department of Education has an income eligibility ceiling of \$25,000 per year or no ceiling at all. Obviously the intended assistance to low income students has been lost or subverted over the years.

There are several plans to provide an educational incentive for military service by better-qualified men and women. The ones that seem most likely to produce good results are not cheap--carrying estimates of more than a billion dollars a year once they have reached a steady state. It is both eminently sensible and equitable that a portion of the funds now available through the Department of Education without any requirements for military service be turned to assist in meeting this critical need of our armed forces. Over the long run this diversion will benefit our country more than the present system of unobligated loans and grants, providing, in the first place, a better educated service member and eventually returning a fully educated citizen who has served the nation.

AUSA believes that the Veterans Administration, with its long history of managing benefits programs, should be the agency to administer a new educational incentive program. The expertise and machinery are there. To place the operating responsibility anywhere else would require the creation of a whole new bureaucracy--and we think we have enough of that already.

Eligibility for this program should be limited to those who have successfully completed high school, for among that group the prospect of further education would hold more allure. We must remember, too, that even though this program is not designed specifically to motivate good people to stay in the service longer, the more good people who enter the force the greater will be their representation among those who eventually choose a military career.

Mr. Chairman, the very people the Army needs more of are those to whom education is important; those who have had the fortitude to attain a secondary education and have drilled themselves in the disciplines needed to take advantage of educational opportunities. The Association of the United States Army urges you to consider this in your examination of the proposal before you.

Thank you.

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