

A Word from the Chairman



Army Reservists training in Lithuania.

a first-class military requires first-rate people

55th Signal Company (Eduardo Guajardo)

The men and women of the Armed Forces continue their record of achievement in serving the Nation. Whether preserving the peace in Bosnia, providing disaster relief to hurricane victims in Central America, responding decisively in the face of terrorists, or carrying out Operation Desert Fox, they have risen to every challenge.

During the press of ongoing operations it is easy to take for granted the magnificent efforts of our soldiers, sailors, marines, and airmen and lose sight of just how critical they are to national success. Our tanks, ships, and planes are among the best the world, but without men and

women trained and ready to operate and maintain them those systems would be of little worth. A first-class military requires first-rate people.

Although usually called an all-volunteer force, our military can better be described as an all-recruited force. While everyone enters the Armed Forces today as a volunteer, they must be attracted to the opportunities service can provide. Wearing the uniform has never been about money or personal gain, and people volunteer for many reasons, but our servicemembers want and

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GEN Henry H. Shelton, USA
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deserve a decent standard of living for themselves and their families.

Survey results point to dissatisfaction with the retirement program as a primary cause of recruiting and retention problems. Fixing that program is an urgent priority since the lifetime value of military retirement has declined by as much as 25 percent following reforms in the 1980s that established the High-3 and Redux programs. Two-thirds of the current active duty population is now subject to Redux and will receive 40 percent of their base pay after 20 years instead of the 50 percent enjoyed by those who entered the service prior to 1986.

Moreover, servicemembers will not be provided full consumer price index cost-of-living adjustments like their predecessors. This variance in retirement programs diminishes the value of career service and makes the retirement system a disincentive, leading people to leave the military instead of staying for 20 years or more. As a result, and with the support of both the President and Secretary of Defense, all services are committed to working with Congress to restore the retirement program that provided 50 percent of base pay upon retirement with 20 years of honorable service. The initial response to this proposal by Congress has been heartening.

Competitive pay is the other basic element of a comprehensive compensation package that is needed to retain quality people. The most pressing requirement is to close the pay gap between servicemembers and their civilian counterparts. Although estimates about the size of the gap vary from 8.5 to 13.5 percent, no one denies that it exists or that military pay raises have lagged behind those of workers in the private sector 12 out of the last 16 years. Secretary Cohen has noted that while we will never pay men and women in uniform enough, we can pay them too little—and in my view we do.

Although there has been progress toward reducing the military-civilian pay gap, more must be done. The 3.6 percent raise passed for FY99 prevented this disparity from growing, and the 4.4 percent increase in the FY00 budget will begin to close it. We also have urged a long-overdue reform of basic pay by Congress. Restructured tables would emphasize promotion over longevity as the basis for increases, thereby rewarding superior performance. That would provide enhanced pay raises for mid-career commissioned and non-commissioned officers and help retain outstanding servicemembers. Again, the response from Congress has been positive. We should address the compensation issue quickly and equitably so that military wages remain competitive.



U.S. Marine Corps (Brian Halenstein)

Marine recruits,
San Diego.

**for too long we have done
the balancing on the backs
of our people**

There is no doubt that resources for appropriate compensation compete with modernization and readiness. In light of mounting demands on the Armed Forces and competition for assets, the budget which the President has submitted to Congress boosts defense spending by more than

\$12 billion in FY00 and around \$110 billion over the next six years.

Even with more resources, we will continually be challenged to balance care for our people with investing in modernization and staying operationally ready. For too long, however, we have done the balancing on the backs of our people. If we do not correct this situation, we will risk losing one of the greatest achievements of the last quarter century—the all-volunteer force.

The position of the Secretary and Joint Chiefs is clear: people are both our most precious resource and the key to our future effectiveness and well-being. As we advance our interests around the world and prepare for tomorrow, we cannot lose sight of the importance of taking care of those who serve the Nation in uniform. Through their efforts, and with continued support from the President, Congress, and the American people, we can meet any challenge.

HENRY H. SHELTON
Chairman
of the Joint Chiefs of Staff