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## RESEARCH REPORT

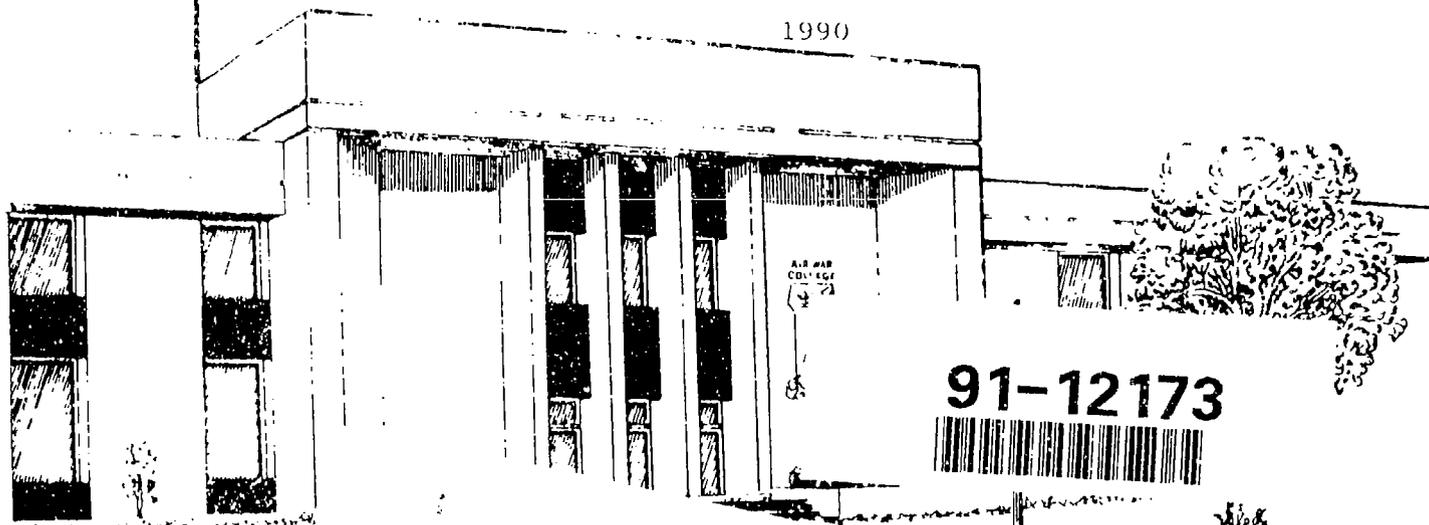
ALTERNATE SOLUTIONS TO THE PROBLEM OF PILOT RETENTION  
IN THE UNITED STATES AIR FORCE

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UNITED STATES AIR FORCE  
MAXWELL AIR FORCE BASE, ALABAMA

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ALTERNATE SOLUTIONS TO THE PROBLEM OF PILOT RETENTION  
IN THE UNITED STATES AIR FORCE

by

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A DEFENSE ANALYTICAL STUDY SUBMITTED TO THE FACULTY  
IN  
FULFILLMENT OF THE CURRICULUM  
REQUIREMENT

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MAXWELL AIR FORCE BASE, ALABAMA

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## EXECUTIVE SUMMARY

**TITLE:** Alternate Solutions to the Problem of Pilot Retention in the United States Air Force.

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Mark A. Williams, Lieutenant Colonel, USAF

The FY 90 Air Force report to the 101st Congress stated that "Pilot retention is at a crisis state and is a major Air Force concern." (49:1) For a vibrant force, the Air Force needs to retain 63% of the pilots in the critical six to 11 year group. Unfortunately, cumulative retention rates for that group have been level at 36% for FY 89 and into the first quarter of FY 90. Since 1983, the Air Force has been aggressively attacking the problem--searching for some "silver bullet"--with apparently little success. Research reveals a broad spectrum of issues, each of which uniquely affects pilot retention. Therefore, a successful solution will not be a "silver bullet" but rather the result of a comprehensive building block approach. Today, important blocks are missing in the areas of compensation, job satisfaction, family and spouse support, medical benefits and leadership. Alternate measures such as indexed flight pay, a vested bonus, improved medical services, family support and others must be added to what has already been done--through a concentrated effort of the Air Force and Congress--until these categories are complete.

## BIOGRAPHICAL SKETCH

Lieutenant Colonel Victor D. Jaroch (M.A. Economics, Webster University) has been interested in Pilot Retention since he was stationed at Headquarters Military Airlift Command in 1980. His duties included the analysis of pay and benefit proposals to stem the erosion of life style experienced by service members. He was assigned to the 71st Aerospace Rescue and Recovery Squadron as a helicopter pilot in Alaska from 1974 to 1977 and the 1550th Technical Training Squadron in New Mexico prior to his assignment at Scott Air Force Base in 1980. In 1983, he was assigned to the 438th Military Airlift Wing at McGuire Air Force Base flying C-141s. Following McGuire Air Force Base, he was assigned as Assistant for Senior Officer Matters at Headquarters Military Airlift Command. He then served as Commander, 1401st Military Airlift Squadron at Scott Air Force Base prior to attendance at Air War College in 1989.

## BIOGRAPHICAL SKETCH

Lieutenant Colonel Mark A. Williams (M.A. Management, Webster University) has been directly involved with pilot retention since 1987. His duties as speechwriter for the Commander in Chief, Military Airlift Command (MAC) included analyzing historic retention trends, evaluating effects of in-being initiatives, and authoring speeches, articles and video tapes on MAC pilot retention for CINCMAC. He was a C-130 navigator in the 36th Tactical Airlift Squadron from 1973 to 1978, then moved to Scott AFB as a member of the MAC Command Briefing Team, was Chief, Airlift Operations Branch and Executive to the Commandant of Cadets, United States Air Force Academy, from 1981 to 1984, and Operations Officer, 54th Weather Reconnaissance Squadron, Andersen AFB, Guam from 1985 to 1987. He is a 1985 graduate of the Air Command and Staff College and a graduate of the Air War College, class of 1990.

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## CHAPTER I

### AIR FORCE PILOT RETENTION: 1990

#### Introduction

Air Force Pilot retention numbers are now at their lowest point since 1979--the year of the first great pilot exodus. It would appear that efforts taken to resolve the problem did not result in a long-term fix. After a few years of respectable numbers, pilot retention plunged downhill again in 1983, with retention of the critical 6 to 11 year group leveling at 36% for FY 89 and FY 90/1.

(13:Atch 2) Unfortunately, for a vibrant pilot force the Air Force claims it needs to retain 63%. (39:2) The Air Force is losing the battle to retain its pilots, and the leadership appears ready to throw in the towel. A recent statement by Lt Gen Thomas J. Hickey, Deputy Chief of Staff for Personnel, sums it up.

We have the bonus. We have the flight pay increase . . . We have had, almost annually, pilot retention conferences to find everything we can think of that was an irritant. We've reduced every one of those . . . Bluntly, we are out of ammunition . . . (28:5)

According to the Air Force report to the 101st Congress, we lost nearly 800 more pilots in 1989 than we produced--"Pilot retention is at a crisis state and is a major Air Force concern." (49:1) Is there some "Silver

Bullet" out there that can turn this situation around, or will we just have to make do and hope the coming force structure cuts will lessen the blow?

The purpose of this paper is to analyze the Air Force pilot retention problem. We will examine the historical data and extent of the problem, discuss the internal and external forces at work, analyze existing attempts to solve the problem and finally propose alternative solutions.

## CHAPTER II

### PROBLEM DESCRIPTION

#### Statistical Review

The Air Force is experiencing the most serious retention problem since 1979 when the cumulative continuation rate (CCR) hit a low of 26%. (Appendix A) The rate increased the following years due to a large variety of reasons, but the most significant was the country's entering a period of recession. The national unemployment rate increased from 5.8% in 1979 to 9.7% in 1980. As the economy slowed down, the airlines reduced their hiring quotas. (The airlines only hired 837 pilots in 1980 vice 4,342 in 1979.) In conjunction with hiring slowdowns, the Air Force benefited from a significant increase in military pay (11.7% and 14.3% for 1980 and 1981 respectively; the only double digit raises in the past 20 years). These raises were coupled with some reductions of aircrew irritants and improvements in compensation, hardware and training time. (32:--)

Retention rates improved to a high water mark of 78% CCR in 1983. But following this high mark, retention rates began to decline again and appear to be leveling at a low point of 36% CCR for FY89 and the first quarter of FY90. (12:Atch 2) The CCR that the Air Force says is needed to maintain the force

at a healthy level is 63%. (40:2)

There were some significant trends in the 1989 statistics. Pilot separations exceeded the expected separation rate of 2,600 by 100. Even outside the 6-11 year window losses increased from 9.9% in FY88 to 11.4% in FY89. (39:22) As an example, the Tactical Airlift Command (TAC) is losing more than one fighter pilot per day. (This represents an average lost investment cost of \$2.5 million each, or nearly \$1 billion per year.) The Air Force is now predicting a 2,500 pilot shortage by 1993. (42:103) Additionally, a Military Airlift Command (MAC) survey conducted in the second quarter of FY89 showed 89% of MAC's 6-11 year group pilots who separated intended to pursue a career with the airlines. (14:2)

#### Airlines

The changes and growth within the airline industry are having a dramatic impact on the Air Force and its ability to retain the required number of pilots. This section will explore the major facets of the airline industry that are attracting pilots to leave the Air Force for an airline job.

The airlines have experienced significant realignment efforts following deregulation. The weaker airlines have basically disappeared, and the industry is led by a few extremely large and strong major carriers. In addition, the hub-and-spoke concept has resulted in an increase of a large number of small pilot intensive aircraft to feed the larger cross country transports. These smaller air routes need more

pilots per passenger-mile than do the wide-body jets. (33:890)  
In 1987 regional carriers hired between 3,000 and 4,000 pilots  
of the over 7,000 hired by the airlines. (10:-- ) Furthermore,  
the strong economy and relatively cheap air fares have resulted  
in greatly increased demand for air travel throughout the  
nation. The air transportation association predicts that  
revenue passenger miles will double in the next ten years. Add  
to this the fact that national demographics show that the  
average age of our population is increasing and this older  
population tends to fly more. In 1980, daily domestic airline  
sorties only topped 100,000 once, but in 1986 the airlines  
topped the 100,000 mark over 150 times. (16:20) This rapid  
increase in demand coupled with an ever increasing retirement  
population of airline pilots, (the airlines expects over 20,000  
pilots to retire in the next 10 years) (5:1) will result in a  
serious demand for military pilots well into the 1990's. (45:6)  
The airlines hired 6683 pilots in CY88 and over 7000 in CY89.  
(14:1) (They expect to hire over 6000 pilots per year through  
the 1990's.) (Appendix B)

Clearly, the airline industry demand far exceeds the  
Air Force production rate of pilots; the airlines could  
conceivably hire every newly trained pilot at the end of their  
service commitment and still need more. In addition, the  
airlines have relaxed their age policy and are now accepting  
aviators who are over 40. This was initially thought to reduce  
the pressure of early nursing of military aviators, but on the

contrary, it has allowed hiring to occur in all age groups and times of service. (6:12) Additionally, pilots flying in the Air Force tend to like the type of missions they have and would continue in the Air Force if all things were equal. But things are not equal; the airline industry's pay and benefit packages far exceed Air Force compensation. And there is no indication this trend will stabilize or reverse.

#### Compensation Comparison

The pay differences between the airlines and the Air Force are significant. For example, an eight year Air Force captain makes \$46,000 including base pay, subsistence, housing allowance and flight pay. If we include the current Air Force aviation bonus of \$12,000 the total is \$58,800. Total lifetime earning potential for such an Air Force officer retiring as a Lt Col after 26 years of service is estimated to be \$2.3 million. (26:11) Even though this is a significant sum, the airline industry outbids the Air Force easily. TWA is currently offering an initial fee of \$23,600 for the first year, \$31,500 the second year, \$93,900 by the 10th year, with a peak of \$132,000. (38:10) This is further illustrated by comparing the retirement systems of the Air Force and airline industry, and then comparing the earning potential of both groups.

The Air Force retirement package continues to be perceived as a great benefit to service personnel. This is evident by the small percentage of aviators separating after 12

years. But current retirement programs in the airlines offer even greater initiative for early separation from the Air Force. Annual retirement pay in the airlines can range from \$50-70 thousand - or even higher - based on a rate of 50-60% of average of the last three year's income (a standard amount for a major airline) (45:2). As an example, a pilot who flies for American Airlines for thirty years would receive \$59,800 retirement pay per year beginning at age 60. (25:17-18) The Air Force aviator is aware of this benefit. Even outside the 6-11 year CCR window, Air Force losses increased from 9.9% in FY88 to 11.4% in FY89 in spite of the retention effects of the Air Force retirement system. (39:22)

To contrast the lifetime earning potential of either remaining in the Air Force for a full career or separating early the following comparisons are provided. First we must make a few assumptions.

- (1) The individual will live to 75.
- (2) A retired Lt Col earns \$40 thousand in a new job plus retirement pay (retiring at 26 YOS).
- (3) A United Airlines income stream based on Future Airline Professionals of America (FAPA) figures will be used.
- (4) Airline retirement at 50% of base pay.

As mentioned earlier, when earnings are computed for a Captain who decides at the eighth year of service to remain in the Air Force for a full career and who attains the rank of Lt

Col, there is a lifetime earning potential of \$2.3 million. In comparison, the United Airlines pilot who flies until age 60 and does not work again has a lifetime earning potential of \$5 million--over double the Air Force figure! If a pilot separates after 14 years of service and goes with a major airline--and forfeits retirement--the lifetime earnings would be \$2.1 million vs \$4.5 million, again with the airlines greatly outpacing the Air Force Lt Col who retires at 26 years of service. (45:11-12, 38:35) So to assume the Air Force retirement package is a great incentive to supplement the lower compensation is in error. By any comparison, the earning potential in the airlines and their retirement package far exceeds that of the Air Force.

#### Training Costs

It is incredibly expensive to train and season a pilot --requiring a large investment of the nation's resources. The following chart shows the basic cost to train a pilot through Undergraduate Pilot Training (UPT): (12:Atch 5)

#### PILOT REPLACEMENT COSTS

	<u>Cost for Initial Pilot</u>
Pilot Acquisition	\$72K
T-41 Training	13K
UPT	487K
Survival Training	13K
PCS Move	5K
	\$590K

After UPT it takes several years to develop a pilot to full aircraft commander status. When you include aging, initial qualification, professional military education, special weapon system qualification, aircraft commander (AC) upgrade and additional pre-certification training, the cost increases significantly. For example:

	<u>Total Investment</u> (12:Atch 4, 17:1)
C-5 AC	\$7.5 million
C-141 AC	\$3.4 million
F-15/F-16 AC	\$6.0 million

A 1% increase in CCR results in 15 pilots being retained. (13:Atch 4.1) If half of these were F-16 pilots and half were C-141 pilots, the nation would save \$70.27 million. The vast investment made to train and season a pilot fully warrants continued retention efforts to save this critical resource.

#### Implications

With pilot retention at a critical level, the Air Force faces a potential crisis in readiness and operational capability, decreased flying safety and increased training cost. (49:1) If current trends continue the Air Force "will be 2,500 short of our requirement by 1993, even though those requirements are reduced overall," said Lt Gen Hickey, Air Force/DP. (It is anticipated the current requirement of 22,000 will drop to 19,500 by 1993.) (18:1)

Can the Air Force absorb these losses and still

maintain a viable pilot force ready to successfully defend the country? Today the experience level in the crew force is dropping while our missions are becoming more complex and the aircraft have many hi-tech modifications. Further, there is a much more complicated threat environment when compared to 1979. (42:159-160) In addition, the total active rated supplement has dropped from a high of 15.6% in September 1983 to 10.7% in September 1989, and will continue to fall, and the 6-11 year group is 19% smaller than 1979. (14:--) With the improvement in quality of systems, the reduction in the rated supplement buffer and the smaller percentage of young officers, the Air Force must be prepared to do its mission with less experienced pilots under tougher conditions while simultaneously working on improving retention.

In The Annual Report to Congress, Mr. Carlucci noted that "if present pilot losses continue and there is a shortage of 2,500 pilots by 1993, the retention problem will lead to shortfalls in tactical units and significant shortfalls in key supervisory positions." He continued, "the pilot retention situation demands increased opportunities to provide seasoning to a younger, less experienced force. The decreased experience level of our aircrews requires a commitment to quality training..." (42:160) In addition, RADM Peter H. Cressy, USN said, "Air power remains fundamental to modern warfare, trained, experienced combat pilots are a national asset. National security mandates that we own up to the laws of supply

and demand." (16:20-21)

There is little doubt that the loss of experienced aviators has a great negative impact on the ability of the Air Force to maintain the type of readiness that is necessary to defend the nation.

## CHAPTER III

### QUALITY OF LIFE

There are two broad categories which directly affect an aviator's decision to remain in the service. These categories are Family Issues and Job Issues. Each area contains several sub-areas that will be discussed in detail. Family Issues encompass the broad spectrum of working spouse support, medical and dental care, moving turbulence and family support agencies. Job issues include an aviator's reaction to additional duties and career paths.

#### Family Issues

##### Working Spouse

Approximately 75% of the 21,000 Air Force pilots on active duty are married and 65% of these spouses are employed. (30:10) The Air Force estimates that by the end of the decade as many as 80% of Air Force spouses will be employed. (49:2) Most of the working spouses are pursuing professional careers; others are working for economic reasons: children's college expenses or other legitimate family necessities. (31:--)

These spouses have varied educational backgrounds and jobs ranging from clerk/typists to lawyers, with the vast majority having some amount of college education. According to the Air Force Personnel Survey Branch, over 60% make \$9,600 or

more per year, with 30% making over \$19,000. An additional 16% desired employment, but due to military association can not find an appropriate job. (31:-- ) In the average Air Force pilot's family, the traditional role of the spouse--homemaker, nonworking--in most cases no longer applies. The impact of military life on a pilot's spouse can be a key source of conflict. (47:1) For example, when asked to PCS, the working spouse must take a break in employment and procure a new position--many times not matching the level of responsibility or salary of the earlier location and at times not even finding a job. (31:-- )

The Blue Ribbon Panel on Spouse Issues (1988) found that young aviators feel that a spouse's employment should have no impact on an officer's career. They believe that job performance and skills advancement should be the most important factors to be considered for promotion. They further express that this is an "integrity issue" as this practice suggests that something other than individual merit and job performance would determine career potential. But it is also evident that some view this issue quite differently. The Blue Ribbon Panel learned that some wing commanders' wives believed that a spouse not fully participating with an officer's career at the expense of their own career as a "threat to a long-standing way of life, and to the values to which they had dedicated themselves for the past 20 years." (47:7) In addition, 60% of spouses and members at all levels said they believed spouse participation

is "essential" or "probably helpful" to advancement. (47:13) This mind set should not be allowed to drive aviators to separate rather than strive for a full career. The New Direction Survey of 1989 found that 43% of the spouses encouraged the decision to separate from the Air Force while only 5% encouraged the member to stay in service. What were the true feelings of the 52% of the spouses who did not voice an opinion? (48:--) The Air Force must consider the spouse's interests and desires because they are a key factor impacting the military member's decision!

There are good efforts underway which make the service members and their spouses enjoy life in the Air Force. Young pilots in one of the author's squadron enjoyed unit activities more than Base/Wing functions. Their spouses preferred informal gatherings held at various locations and times of the day. But the Blue Ribbon Panel found that the more senior the Air Force officer, the more inclined they are to believe that the spouse should be active participants in supporting the duty member's job rather than pursue a career or occupation on their own. (47:12)

#### Medical and Dental

Another extremely important aspect of the retention puzzle is the issue of medical and dental care. In an effort to solve the problem, the Air Force Chief of Staff conducted a Pilot Retention Conference at Air Force MPC in 1989. CSAF gathered 32 flying squadron commanders to discuss factors

causing low retention and provide suggested cures. After three days of discussions on pilot retention, the conferees judged the ineffectiveness of the current medical system as "the number one negative retention issue." These senior squadron commanders stated that "lack of adequate medical/dental care is the driving force in pilot's decision to leave--family (dependents) are not supported." (43:--)

Air Force policy is to provide medical care to a member and his/her dependents. In a government facility this care is provided without cost. However, the current manning of military medical facilities is based on active duty and dependent population, plus a small percentage for the extremely large retired population. This number is greatly inadequate. The current manning levels cannot provide enough care for our dependents. (44:--)

In addition, the current personnel system considers doctors assigned to a unit even though they are still in the "pipe-line" attending medical courses and advanced training prior to arrival on station--a gap of 3 to 4 months for approximately 20% of the professionals. (44:--)

Another irritant is the lack of attention and care provided by the staff. Pilot's dependents complain of difficulty in getting appointments, long waiting times and lack of courtesy by medical staff. The US Air Force Report to the 101st Congress stated, "Conditions within many health care facilities have reverted to those Congress alluded to in its 1979 report: i.e. long lines at clinics; hospital beds empty

and operating rooms unused due to lack of staff; and the separation of many medical officers." (49:3)

Although the CHAMPUS system provides for care outside a government facility, it has major drawbacks. These include a modest deductible, 20% co-payment schedule and ceilings on specific coverage that do not keep pace with inflation. For example, the cost of setting a broken bone at a local hospital's emergency room exceeded the CHAMPUS reimbursement by \$140. Furthermore, CHAMPUS is one benefit that needs to be better advertised to enhance understanding by Air Force members. As an example, of the eight officers on the panel that addressed this issue at the Pilot Retention Conference, over half of the commanders did not realize that outpatient care could be received through CHAMPUS at an accepting private facility without having to receive a non-availability permit from a government facility! (43:--)

The dental program received much the same criticism, but the initiation of the Delta Dental Plan and full manning of on-base facilities are beginning to make this less of an emotional issue. (34:--)

By comparison, the airlines provide fine medical packages for both member and their family and offer several choices of coverage packages, such as whether to participate in an Health Maintenance Organization or have a family doctor plan. There are minor fees in some cases and limits on total coverage available in others, but in general the minor expenses

paid are justified by the available choice and convenience of private health care when compared to the Air Force system. Dental plans in the airlines are much the same as their medical plans with choice and convenience being especially attractive. (45:23)

#### Moving Turbulence and Family Support

An Air Force pilot can expect to have a major move at least 4-5 times during a 20 year career. TAC currently moves its pilots an average of every 2.8 years and of the over 900 Military Airlift Command pilot moves in 1989 there was an average of only 38.8 months time on station (7:-- , 24:--). Each move disrupts family life, causes sale of a home for many, the expense of househunting, expense during the move/relocation and a job search by working spouses.

The Air Force does not provide any assistance to the member when they need to sell their house in conjunction with a PCS move. It can be argued that base housing is available for military use, but this is true for just a small percentage of the officers at a location. There are only 16,398 accompanied company and field grade officer's quarters in the CONUS to support over 69,000 married officers. The Air Force has 78% of its officers residing off base on the local economy at a given time. (26:-- , 23:15) Real estate costs, uncertainty of sale and fix-up costs all add a significant burden prior to relocation.

The Air Force's survey of housing costs taken in 1987

reaffirmed that for every three dollars a member spends on a PCS only one dollar is reimbursed. (22:--)

This did not include househunting costs, home ownership costs or automobile storage or shipping. Congressional improvements such as an increase in household good shipping entitlements, implementation of a dependent mileage plus per diem allowance, payment of two months of BAQ for dislocation allowance and funded CONUS temporary lodging expense for four days have narrowed the margin. A DoD-wide PCS cost survey was completed in October 1989 with the full results expected in Spring 1990. Preliminary estimate is that reimbursement levels have changed from one out of every three dollars spent to one out of every two spent and indicates room for further PCS improvements.

(22:--)

The new permissive TDY to house hunt is a welcome improvement, but again there are no funds tied to this program. Therefore, a member and family must bear all costs of travel and lodging to enjoy this "benefit."

Current family support systems like Family Support Centers and Housing Referral Offices are beginning to take the initiative, but as yet are not fully able to provide any priority on advanced job opportunity and advantageous real estate cost help plans to ease the transition to a new area.

(35:--)

By comparison, the airlines will buy a pilot's home if it can't be sold, but even they do not provide support for spouse employment. However, the airline pilot does not

normally need to move to a new domicile if he is transferred since it is very easy for them to commute. (45:28)

### Job Issues

#### Additional Duties

The first consideration in the Job Issues category is additional duties. This has been a high level dissatisfier in most retention studies or Air Force pilot surveys. For example, of the 4,230 responses to the Air Force Pilot Retention Survey in December 1987, the number one dissatisfier by both career and non-career pilots was the amount of non-flying additional duties. (30:2) Additional duties can be broken into two categories: operation related jobs such as training officer, plans officer, scheduling officer, safety officer and standardization and evaluation officer. Pilots generally consider these jobs interesting and see them as flying enhancers. There are also those duties that are considered "square fillers" and "mandatory" for good effectiveness report ratings, such as public affairs officer, supply officer or disaster preparedness officer which pilots tend to see as not job related.

On the positive side are the recent changes in the effectiveness report system which emphasizes primary duty performance. Additionally, MAJCOM drives to reduce the number of pilot-held peripheral additional duties are steps in the right direction. This area will continue to require attention since pilots still see additional duties as irritants. This

was the number two dissatisfier in the recent pilot exit survey, an increase over the 1988 survey. (48:--) Furthermore, Air Force pilots notice that their airline counterparts have no additional duties unless they volunteer for jobs in operations, training or administration - of course with extra pay! (45:30)

#### Career Path

In the not too distant past, when pilots were selected for reassignment, they were not consulted by anyone to determine their desires. Both New Direction Survey of Separating Officers, May-July 1988, and Air Force Career Survey, Jun-July 1988, had "say in job assignment" and "say in base assignment" rated as the top two career dissatisfiers and top decision factors of pilots. Pilots today continually state that they prefer to fly rather than hold non-flying staff positions. (30:--) But there is a widespread perception that to get ahead in the Air Force one must go beyond an aircrew member and career broaden with staff jobs that will lead to promotion. As Air Force Chief of Staff General Larry D. Welch stated, "There are some attitudes we have to adjust in the Air Force. There is a tendency, for example, for the detailee at MPC--the resource manager at MPC...to call the major and say, 'I would like you to take this headquarters assignment to X headquarters.' And the major, who is happy flying an F-16 in the squadron, or a B-52 in the squadron, says, 'I don't want to do that.' Then the resource manager or the personnel officer says, 'Hey, it's good for you to do that. You take this staff

job, and it will help your career." General Welch further stated that there are many messages being given inadvertently that a pilot must do something other than being a pilot. (20:1) This type of conversation not only negatively impacts the major but also filters down to the lieutenant and captain who are making some critical evaluations of the Air Force and its career management style.

The preceding chapters clearly demonstrate that Air Force pilot retention is a multifaceted problem. The following chapters address what the Air Force has done to improve the pilot retention dilemma. We will also address support other measures that need to be taken if the Air Force intends to stem the exodus of aviators in the future.

## CHAPTER IV

### ATTEMPTED SOLUTIONS

Since 1983, the Air Force has instituted over 30 separate initiatives to resolve the Pilot Retention problem. The following sections describe the major initiatives aimed at reducing the erosion of base pay, flight pay, and overall entitlements; lowering personal and professional turbulence; and strengthening leadership credibility in operational units. The first section covers the pilot bonus.

#### The Pilot Bonus

Many authors claim that money is the root cause of the Air Force Pilot Retention Problem. They point out the six-figure salaries paid to airline pilots--and conclude that money is the reason pilots are leaving. Although there is undeniable validity to the financial "pull" from commercial aviation, if this were the only reason, then a pilot bonus (which would offset some of the pay differential) should have solved the problem--it has not! After a short history of the pilot bonus, we will discuss the current status of the bonus and why it failed.

#### History

The idea of using a bonus to attract and/or retain a particular Air Force specialty is not new. All of the

services have used reenlistment bonuses, medical bonuses, engineer bonuses, and others, to target particular retention pills. In response to the pilot exodus of 1979, the U. S. Navy adopted an aviator bonus while the Air Force opted for a small increase to the Aviator Career Incentive Pay (ACIP). The Air Force position was that flight pay should be an entitlement--not a bonus. However, when Air Force pilot retention rates began to plummet again in 1983, the Air Force was unable to gain support from the Army for another ACIP raise. The Army did not have a pilot retention problem, and due to the lack of multi-service support, the OSD denied the Air Force proposals for FY87 and FY88. At this point, the Air Force began to pursue an incentive package similar to the Navy program. The Aviator Continuation Pay (ACP) program was developed by the Air Force and Navy as a flexible entitlement with service secretary discretion to accommodate the needs of all services. ACP legislation reached Congress on 23 March 1988. (2:--; 46:--)

#### Provisions of the Bonus

This initial legislation asked for a bonus of \$12,000 per year, in contracts for up to eight years, using eligibility criteria similar to the Navy Bonus. Although targeted for pilots in the critical 6-11 year group, it also requested a transition clause, and reduced bonus, for those with 14-16 years of service. The House and Senate Armed Services Committee (HASC & SASC) conference resulted in an

authorization and appropriation bill of \$36.2 million plus temporary authority (1 Jan - 30 Sep 89) for ACP with the following eligibility criteria and payment schedule. (2:--)

Eligibility Criteria:

- Entitled to ACIP in pay grade below O-6
- Qualified for operational flying duty
- Completed at least 6 but not more than 13 years of active duty
- Completed ADSC incurred for UFT
- Signs written agreement to stay on active duty
- In "critical" aviation specialty (designated by AF Secretary and approved by SECDEF)

ACP Payment Schedule

<u>Years of Service</u>	<u>Payment</u>	<u>FY 89 Payment</u> (Based on 9 months)
8	\$12,000	\$9,000
9	11,000	8,250
10	11,000	8,250
11	9,500	7,125
12	8,000	6,000
13	6,500	4,875

Results of the Bonus

The pilot bonus didn't work. Although the overall acceptance rate was 66% (3650 accepted out of 5512 eligible), the response from the crucial early year groups (7, 8 and 9 years total federal commissioned service) was surprisingly low. Only 50%--1490 of the 2959 eligible pilots with seven to nine years of service--signed up. These are the pilots who would get the most bonus money, and they are the most important segment to retain. This low response indicates that the bonus is not convincing enough younger pilots to make a long-term commitment to the Air Force. Pilots with 10 or more years service signed up for the bonus at a healthy rate of 85 percent. The following

table summarizes the acceptance rates of the affected year groups. (29:61)

#### ACCEPTANCE RATE OF PILOT BONUS

<u>Years of Service</u>	<u>Acceptance Rate %</u>
7	35
8	47
9	67
10	75
11	82
12	90
13	92

The negative impact of the pilot bonus was also a discussion topic during the 1989 Pilot Retention Conference at AFMPC. One B-1 squadron commander was convinced that he lost 3 pilots as a direct result of the bonus—the bonus forced his pilots to make a choice. Other commanders agreed and felt the bonus only sets the stage for future retention problems, like collateral damage to other career fields (navigators, enlisted flyers, etc) as the impact of pay inversions develops. It is not clear what these "bonus babies" will do when they no longer receive the bonus after the 14 year point. (46:--; 4:8-9)

#### Aviation Career Incentive Pay Increases

The Air Force pursued the bonus as a near-term fix, but still believed Aviation Career Incentive Pay (ACIP) to be the foundation of special aviator compensation. Accordingly, along with the bonus, the Air Force began to push for adjustments to ACIP, which had not been raised since 1981. DoD study groups were formed and spent the second half of 1988 preparing prop sals for Congress. These

resulted in suggested increases to the bonus (\$20,000/year) and a strong desire for ACIP increases to restore the purchasing power and incentive value of the flyer's entitlement. (24:--)

#### Congressional Staff Studies

Senate and House Armed Services Committee staffers from the respective subcommittees on manpower and personnel conducted fact finding tours at Corpus Christi, Jacksonville and Oceana Naval Air Stations from 21 to 23 November 1988. Similarly, Senate and House Appropriations Committee staffers from the defense subcommittees visited Charleston, Shaw, Columbus, Barksdale and Plattsburg Air Force Bases from 5 to 12 December 1988. The message they heard was that pilots perceived the bonus as too "iffy" and what was needed was an increase in ACIP--viewed as a continuous and predictable entitlement. As a result of these visits and special hearings by Mrs. Byron (Chairman, Defense Subcommittee for the HASC), bills were introduced in both houses of Congress to increase ACIP. The Aviation Career Improvement Act of 1989 (ACIA-89; S-653) was introduced in the Senate on 17 March 1989 by Senators Glenn and McCain. On 23 March 1989, ACIA-89, with minor modifications, was introduced in the House of Representatives by Congresswoman Byron, Congressman Bateman and others. These bills were consolidated in conference and became amendments to the FY90 DoD authorization Bill (HR 2461) which was signed into law on 29 November 1989. (25:--)

## Aviation Career Improvement Act of 1989 Provisions

We have included a full explanation of ACIA-89 in Appendix C, but the main provisions are as follows:

- ACIP payments increased--maximum rate now \$650 per month
- Flying gates restructured--in general, requires more flying early in a career and one more year of flying.
- ACP (bonus) authority extended through 30 Sep 91
- UFT active duty service commitments increased to 8 years for UPT and 6 years for UNT
- Reduces non-operational flying positions by 5% by 1992
- Study required on raising SGI I for all members and providing \$100,000 accidental death insurance for aviators.
- Reports required on aviator assignment policies (15 Feb 90) and ways to alleviate the national aviator shortage (1 Mar 91). (24:--; 15:--)

### Assessment

The Aviator Career Improvement Act of 1989 went a long way to restore viability to ACIP. The increased pay represents about a 5% increase per year since the last increase in 1981--roughly compensating for inflation. The only thing neglected was to index flight pay to future base pay increases. However, there is still no indication that the ACIP increase has had any direct effect on retention rates. The increased service commitments will artificially inflate future pilot retention--but this may cause a recruiting problem as young officers evaluate the longer period of service.

According to informal polls taken by the retention group at AFMPC, the prospects for a no-cost life insurance policy has been well received by the flying community. Many

apparently see this as an increase to their family's security. Finally, the studies required by ACIA-89 on pilot assignments and our national pilot shortage recognize the fact that this problem is not just an Air Force problem, but one with national implications.

#### Scheduling Turbulence

According to the results of the pilot retention survey administered between December 1986 and January 1987, one of the top dissatisfiers reported by pilots leaving the Air Force is the lack of geographic and personal stability--sometimes referred to as "aircrew turbulence." Alert requirements, last minute add-on missions or cancellations, no-notice mission changes etc, have long since made life extremely turbulent for the aircrew member. This constant turbulence means that the aircrew member is unable to plan many aspects of life because he or she may be called upon at any moment. All flying commands have their share of "turbulence;" however, complaints by Military Airlift Command aircrews reached such a high level that MAC formed an Aircrew Issues Working Group to specifically address "aircrew turbulence" within the command.

#### MAC Aircrew Quality of Life Initiatives

The former Commander in Chief of the Military Airlift Command, General Duane H. Cassidy, formed an Aircrew Issues Task Force to explore several initiatives to scrub the MAC system of aircrew turbulence. Among those implemented were: providing firm monthly schedules

including scheduled free time; improved scheduled return time performance; elimination of channel add-ons and in-system selects; using commercial "wet leases" for unexpected taskings; offering price incentives for airlift users who provided requirements early; and managing the airlift system according to aircrew availability rather than aircraft availability. These changes have significantly reduced the turbulence for MAC aircrews--and have contributed to a leveling off of CCR since the end of 1988. Additionally, MAC no longer has the worst retention rate. For FY89, MAC had the second highest CCR among the four flying commands (TAC-33%, MAC-32%, SAC-31% and ATC-27%). Obviously, attacking aircrew turbulence will continue to be an important part of the solution. (29:--; 11:--; 14:--)

#### Squadron Commander Involvement Program

Another attempt to alleviate the irritation of geographic and personal instability was a program designed to get the squadron commander more involved in the assignment process. In 1983, MAC initiated a program called the Squadron Commander Involvement Program (SCIP). This program was aimed directly at moving the assignment process from the hands of the nebulous "MPC Resource Manager" to someone the pilot knows and respects--the squadron commander!

The system works both ways. An officer can discuss career tracks and options with his commander well in advance of any assignment action and also ask his commander to work

the options at the appropriate time. On the other hand, the detailee at MPC or the MAJCOM will develop a list of available jobs and send it to the squadron commanders well in advance. Some officers are looking for location, others for specific jobs. This method provides increased input to everyone. The Air Force could further enhance this arrangement by allowing volunteers for tough-to-fill remote tours to move even before the time on station requirement has expired. Finally, the opportunity to participate in the assignment process assures more timely assignment notification--further reducing the stress of moving.

The Air Force observations of the MAC SCIP test program were very positive. As a result, it has now been incorporated throughout the Air Force under the title of Commander's Involvement Program. (3:1) It is clear that efforts which help the commander meet the personal as well as professional needs of his/her people is another positive step toward improved retention.

#### Additional Duties

The Air Force has conducted a massive review to determine which non-flying duties pilots should accomplish. (30:--) It is clear that many squadron-level jobs do not advance or enhance the pilot's basic skills to fly airplanes. According to a study on additional duties conducted by the AFMPC retention group, the following received the most negative feedback: voting officer, public affairs officer, disaster preparedness officer, protocol

officer, etc. Duties such as plans officer, training officer, safety officer and standardization/evaluation officer tended to be positive motivators--jobs most pilots see as necessary. (30:--)

The Air Force recognized that with the complicated missions and long training hours, peripheral duties would best be handled by a non-rated officer or NCO. The incorporation of operations management officers with the primary purpose of performing those non-flying duties was a direct step to free pilots for flying-oriented duties. Plus, the Air Force has directed a 2% reduction in the number of rated officers serving in non-rated slots by FY 91 and a 5% reduction by 1992. (29:--)

The Air Force has made great progress in this area. Pilots are sensitive about the difference between those duties that enhance their skills as aviators and officers and those that do not. Clearly, previous application of inappropriate additional duties caused Air Force pilots to "vote with their feet." The Air Force can little afford to regress in this area--appropriate additional duties are an essential part of the solution.

## CHAPTER V

### ALTERNATE MEASURES

Although the Air Force has failed thus far to solve the pilot retention problem, this failure is not due to lack of trying. The previous chapter covered the most significant of over 30 separate initiatives which the Air Force has taken to combat falling retention rates. Unfortunately, those efforts have only resulted in a leveling of the retention rates, not a turn in the right direction. This chapter presents several alternate measures that should be implemented in order to increase pilot retention. One of the most promising of these measures is a program called Alternative Horizons.

#### Alternative Horizons

The Air Force Chief of Staff, General Larry D. Welch, received overwhelmingly positive feedback on this concept at the June 1989 Pilot Retention Conference at AFMPC. As a result, he promised to take another look at the idea of establishing a cooperative agreement between the airline industry and the Air Force to help retiring USAF pilots transition into the airlines.

## History

The Alternative Horizons concept is not new. As early as 1985, the AFMPC retention division met with American Airlines to discuss hiring retired military pilots. In November 1986, Headquarters United States Air Force/X00 sent a letter to all major airlines advocating hiring retiring Air Force pilots. The intention was to develop a more efficient manner of handling the nation's pool of experienced pilots. This program would provide the incentive for Air Force pilots to complete a full military career and still have the opportunity for a follow-on airline career after retirement. This concept was initially rejected at Corona South 1989 because it didn't appear that the Air Force would benefit from the program. However, during the retention conference, Squadron Commanders convinced the Chief of Staff to give it further study.

(S:--)

## Alternative Horizons Provisions

Alternative Horizons would provide a transition service for retiring Air Force pilots who want employment in the airline industry. Interested individuals would complete applications and apply for Alternative Horizons at the 19-year point. The Air Force would provide flying time, certification and medical data to the participating airlines. The carriers would then send applications through the Air Force program manager, and would conduct interviews with the pilots. All employment decisions would be between

the airline and the individual. (6:--)

Proposed Benefits

For the nation, this program would be a significant benefit. Retired military-trained pilots represent an essential resource for our commercial airline industry. Helping them enter the commercial airline industry would maximize the economic return to our nation for the training and experience paid for by tax dollars and minimize the effect of pending large scale retirements within the nation's airline industry. This program would significantly expand the national pool of experienced pilots and would ease public/FAR flight safety concerns by placing mature, experienced and disciplined pilots in airline cockpits.

(5:--)

For the Air Force, it is a natural complement to other retention/personnel programs. UPT Active Duty service commitment protects the pilot training investment in the early years, the ACP (bonus) targets middle year retention (7 - 14 years), and Alternative Horizons could give pilots the incentive to complete their military career before going with the airlines. Further, it would reduce the "now or never" syndrome for pilots considering separation and would be an effective incentive at a very low cost.

For the Air Force pilot, such a program would fill an important security need. It would increase the certainty of follow-on airline employment, it would allow pilots to plan their post-retirement years without the stress of

costly job searches, and it would give pilots more confidence in the Air Force's long term commitment to their welfare.

#### Improvements to Pay and Benefits

Although concern about pay and benefits has never been the top reason pilots give for leaving the Air Force, increasing compensation does provide a tangible and visible incentive to stay in the service. The Air Force can never hope to compete with the pay scale of commercial airlines; however, combined with other initiatives, financial incentives are definitely part of the solution. (45:5)

#### Indexing ACIP

At the core of the Aviator Career Improvement Act for 1989 was the realization by Congress that the purchasing power of ACIP had significantly eroded since the last raise in 1981. Indeed, the original language of the act included a plan to index ACIP to future base pay raises, but this option was rejected in the House version and left out of the final product. This means that sometime downstream, it will take another major effort by both houses of Congress to restore the viability of "flight pay" again. Acknowledging the fact that indexing pay is a "political hot-potato," if that bold step were taken, it would send a clear message that Congress will not allow the financial incentive to aviators to erode due to inflation--it, quite frankly, will tell them Congress and the Nation cares. Indexing flight pay is another key piece of the retention puzzle. (24:1)

### ACP (Bonus) Vesting

According to Lt Gen Thomas J. Hickey, Air Force Chief of Personnel, the Air Force only reluctantly embraced the pilot bonus as a short-term measure to slow the plummeting retention rate. (28:--) Air Force leaders have always favored entitlements rather than temporary bonus programs. However, financial incentives do have their place--as long as they stabilize retention--and reward loyalty and dedication. The vesting concept, now being considered by the Air Force, may be just the "carrot" needed to encourage career service. Conceptually, rated aircrew members would be eligible for an active duty bonus--not paid to them directly--but invested with interest until "some given point in their career when it was clear that they had stayed for a career." (28:--) If pilots left before that time, the money would revert to the next pilot eligible--if they stayed, they would receive the vested bonus.

### College Tuition for Air Force Children

Providing college tuition for children as a career incentive is another potential retention "carrot." What better way to demonstrate a nation's thanks for a career in uniformed service than to meet one of the most demanding responsibilities of parents for their children. Military children bear the brunt of overseas tours, rapid-fire moves, and have little choice in where they live when it comes time to apply for college. Knowing that Mom's or Dad's service

will help them through college would soothe some of that pain. As our nation addresses the need for better educated adults, what better example than to reward faithful service to the nation. One way to accomplish this would be to allow military members to transfer their unused education benefits to their dependents. Many service members don't use their benefits--they are literally wasted. This incentive would cost our nation relatively little, but could be an important building block for a comprehensive package of pay and benefits--proper consideration for a career in the service of one's country.

#### Life Insurance

The Aviation Career Improvement Act of 1989 called for the DoD to evaluate the practicality and desirability of providing a \$100,000 accidental death insurance plan for aviation crew members on active duty. This was part of the original ACIA-89 rejected in Congressional conference sessions. The rationale behind such a plan is to fill an important security need for the families of aircrew members. The Air Force must provide a report with its findings by 15 November 1990. Our assessment of this proposal is that this, similar to the college tuition idea, would reaffirm the nation's commitment to aircrew members while meeting a real need for Air Force people. (15:2)

#### Realistic Training and New Weapon Systems

Nothing is more invigorating than actually performing a real mission. The excitement in the faces of

troops who participated in "Just Cause" was the result of the satisfaction of doing the jobs they were trained to do.

Of course, we shouldn't have to wait for a conflict to motivate and stimulate our people. We should be training in an environment which generates enthusiasm on an on-going, day-to-day basis. Firing live ordnance, flying realistic combat profiles and participation with our sister services during standard training exercises are ways to lend a strong sense of vocation and job satisfaction to military life.

The deployment of new weapon systems also raises morale and increases job satisfaction. When pilots are flying aircraft older than themselves with ever-increasing maintenance problems, they are easily tempted to change uniforms in order to fly in the new "fleet" of aircraft being flown by the airlines. The prospect of flying new airplanes with "high-tech" capabilities makes pilots want to stay on board in order to "get a shot" at flying the new machine. The C-17, F-117, F-15E, B-1 and B-2 are examples of modern airplanes that Air Force pilots want to fly. We are not advocating buying a new system for retention alone, but we should take advantage of the "new airplane" appeal. The Air Force must effectively advertise the features of these new systems and ensure every pilot feels they have a chance to compete for a place in a new cockpit.

#### Family Support Improvements

Working spouses are one of the key issues that must be considered when developing a retention package. Spouses

must be allowed to feel that their goals and desires are truly considered when officers are considered for reassignment or advancement. The feeling that officers' spouses must fully support all aspects of the Air Force at the expense of their own goals is intolerable. The results of the recently completed pilot exit survey remove any doubt that spouses play a key role in helping the officer decide whether to remain in the service or seek other employment. (48:--)

The Air Force can not afford to discriminate between those officers with working spouses and those without in assignment actions or promotion opportunities. Since the Blue Ribbon Panel Report on military spouses in March 1988, the Air Force has taken a strong stand on this issue and has given clear guidance against such discrimination. But it will take time to change the negative perceptions that are the result of previous spouse participation policies.

#### Medical Benefits

Another pragmatic way to demonstrate strong family support is to improve the medical benefits. Hospitals must be manned at 100% effective levels and staffs must be more patient/dependent oriented. The Air Force must facilitate access to service and streamline the appointment system. When availability is limited, a close liaison with local community services should be established to seek commercial care and help military families find physicians and facilities that accept CHAMPUS. To lower the out-of-pocket

expenses for medical care, base clinics and hospitals should try to establish satellite facilities that cater to military families and provide coverage without the co-payment penalty. Furthermore, military families need to know what facilities are available in their local area. Medical coverage hits close to home and affects the people our pilots care about most--their families. (44:--)

#### Moving Costs

Moving costs continue to plague Air Force members. Even though the frequency of moves may be lower in the future due to reduced PCS funding and increased flying commitments, a pilot can still expect to move about every three to five years. To ease the burden, the Air Force should expand the Family Support Center programs to cover real estate transactions and spouse employment assistance. A trial program already is being tested but it needs to be expanded at the earliest time. Major real estate companies might be interested in providing a lower cost service in order to gain a share of a market as large as the DoD, which regularly sends people to virtually every location in the country. Such a program would directly address the number one dissatisfier--geographic instability.

#### Credible Leadership

There have been many courses, studies, books, and lectures dealing with leadership and its impact on people and organizations. Air War College dedicated nearly three weeks of its curriculum on the study of leadership.

Leadership is the vehicle and the means to properly relay information, educate, train and inspire pilots to seek full careers in the service of their country. How well has the leadership been able to convey this message? Unfortunately, as the retention rates so clearly show, leadership is not succeeding. What are the factors leading to this conclusion?

#### Role of Squadron Commanders

One factor that has led to low pilot retention is the practice of bringing officers with little operational credibility from staff tours directly to squadron commander positions. Generally, these commanders are viewed initially with lack of trust and respect. Additionally, short tours as commander, i.e. one year and a half and then on to another staff position or Senior Service School, only exacerbates this perception. This practice has acquired the name "square filling" and is perceived by junior officers as a breach of institutional integrity.

#### Micromanagement

Another factor that impacts retention is the erosion of the squadron commander's authority by senior leaders who "micromanage" squadron activities. Junior officers (pilots) begin to sense that their commander is only an administrator--not their leader. They study their leaders closely and often pattern themselves after the character traits they observe. When they see a commander who is only concerned about his own advancement, it sends a devastating

signal. Therefore, today's commanders must work hard to rekindle the desire to lead and command in their junior officers. The Air Force should take a hard look at any centralization efforts that make the most influential officers in the Wing, ie, the squadron commanders, less effective to the mission and subsequently to any retention efforts. The Air Force can ill afford to handicap the individual most able to fix the pilot retention problem.

(43:16,17)

#### Commander Training

Currently, squadron commanders do not receive any training on what support agencies are available and the range of their responsibility. They are required to learn by trial and error. Even though most major commands have orientation programs, they are usually too short and not very deep. Further, these programs are normally limited in scope, and some commanders do not attend them until late in their tenure. Squadron Commander training is a natural follow-on to the Commander's Involvement Program--a serious investment in the people closest to the pilot retention problem--Air Force squadron commanders.

In this chapter we have discussed the alternate measures needed--the missing building blocks--to solve the Air Force Pilot retention problem. Our final chapter will pull them all together and make a final analysis.

## CHAPTER VI

### CONCLUSIONS

The result of this study on the problem of pilot retention in the United States Air Force is simple: there are no silver bullets! Research reveals a broad spectrum of issues--each of which has a unique influence on a pilot's decision to stay in or leave the Air Force. Clearly, there is no single "switch" to throw that will reverse the current situation. But analysis of the actions already taken and an examination of alternate measures do show that there is hope for a solution.

#### 1983: The Symptoms Are Clear

In 1983, the Cumulative Continuation Rate for Air Force pilots began to drop rapidly. It is the authors' evaluation that existing dissatisfaction in a number of areas together with the spark in airline hiring caused pilots to "vote with their feet." (Figure #1 illustrates the authors' subjective assessment of the situation in 1983.) The Air Force observed the falling retention rates with alarm and approached the problem aggressively; however, the symptoms have not changed. Congressional action has funded a much-needed raise in Aviator Career Incentive Pay, and the Aviator Continuation Pay (Bonus) has been extended

# Retention Issues: 1983

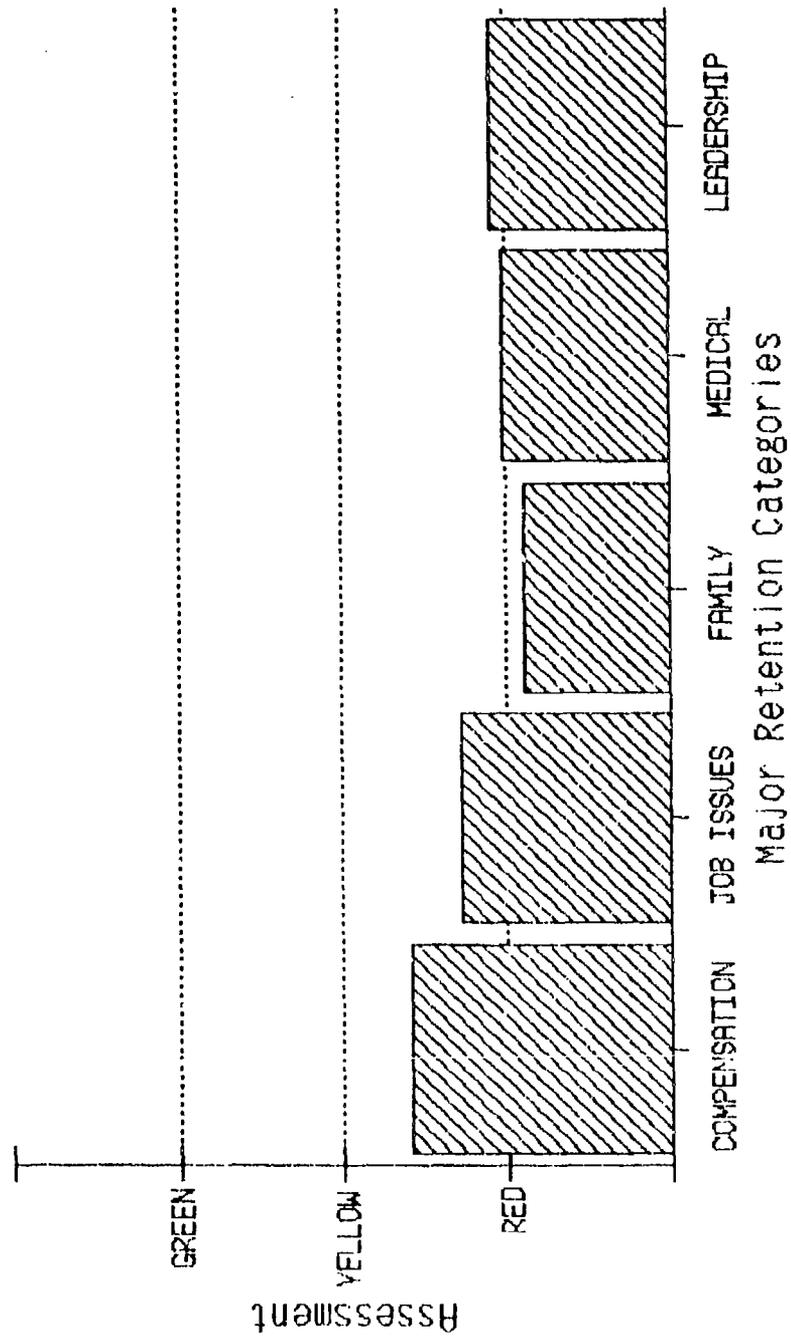


FIGURE #1

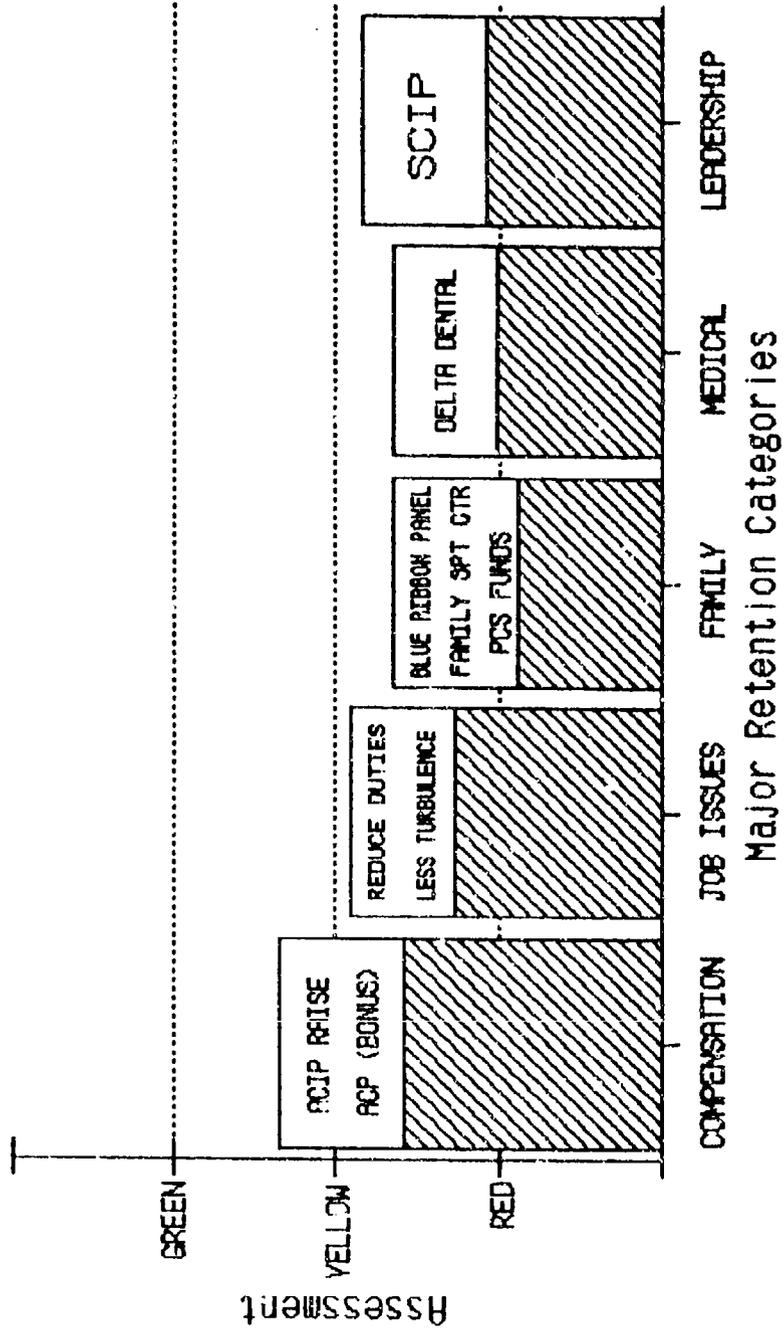
to further compensate pilots in the 7 - 13 year group. The Air Force has convened yearly retention conferences which have identified numerous dissatisfiers--resulting in a plethora of separate initiatives to remove pilot irritants. In addition, a Blue Ribbon panel examined Air Force spouse employment and participation issues. Management actions within the flying commands have succeeded in reducing additional duties, lowering scheduling turbulence, and redressing pilot grievances about job issues. Yet in spite of these and other efforts, the CCR continued to decrease and has now leveled at 36%--far below the 63% that the Air Force says it needs. (Figure #2 illustrates the authors' subjective assessment of the current situation.)

#### Impact of Budget Constraints and Force Reductions

Obviously, the current budgetary atmosphere combined with a historic lowering of superpower tensions will inevitably result in force reductions of some magnitude. As the Air Force becomes smaller, it will need fewer pilots. As future force reductions reduce pilot requirements, the Air Force will certainly experience a short period of relief. However, the demand for pilots to fill airline cockpits will continue to increase throughout the 1990s. Further, as peace breaks out, pilots will continue to be attracted by the higher pay, greater stability and less restrictive lifestyles of the airlines and other civilian opportunities. The authors' assessment is that any relief due to force reductions will be temporary and that the Air

# Retention Issues: 1990

 1983  
 1990



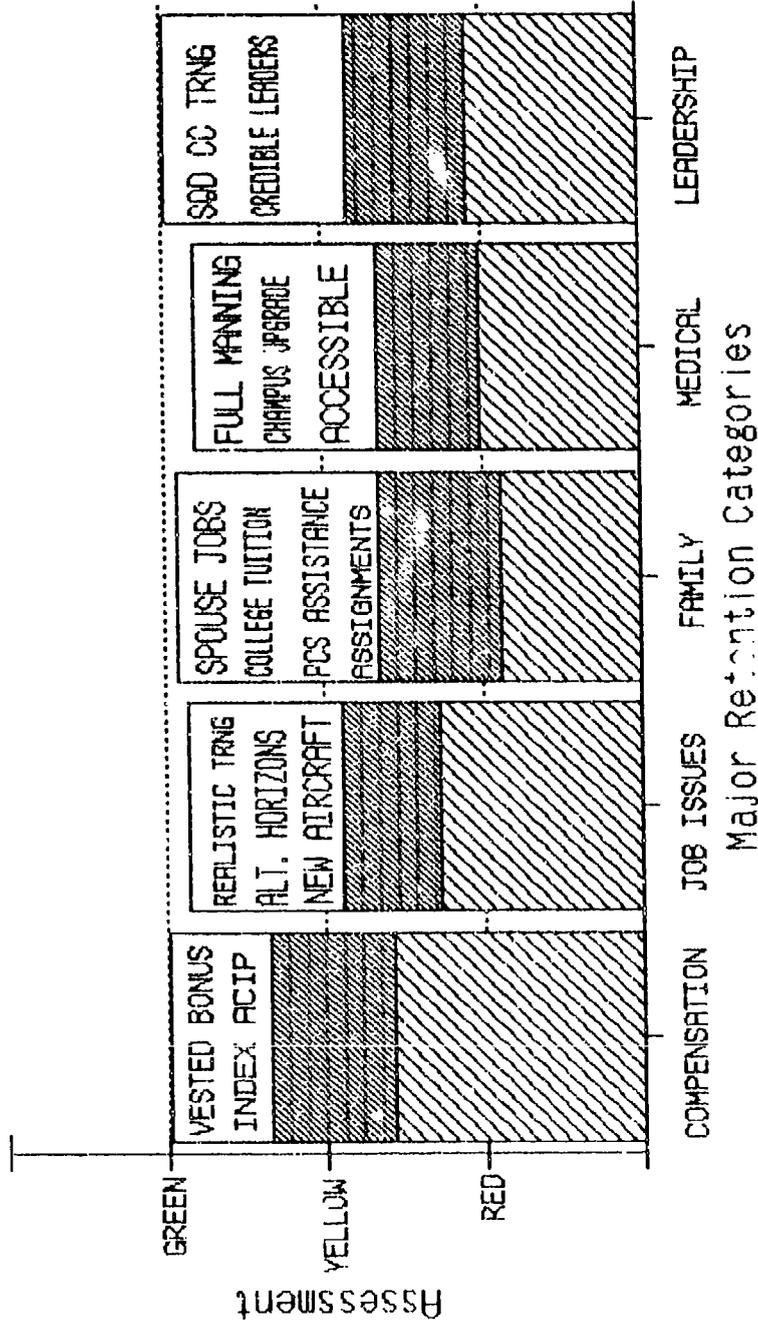
## FIGURE #2

Force must not assume that force reductions have eliminated the problem.

#### Alternate Measures Will Solve Problem

This study recommends several alternate measures--some conceived by the Air Force, some proposed by the authors--that are as yet untried. These measures target the major irritants which exiting pilots have overwhelmingly identified as the main reasons they are leaving. When applied to the current package of retention initiatives, these enhancements could finally push all areas into the "green." (Figure #3) Indexing ACIP would remove the effect of inflation on flight pay, vesting ACP (Bonus) would reward career service, and Alternative Horizons would provide a smooth transition between the Air Force and the airlines. Unique service incentives such as college tuition for children and no-cost life insurance would make the Air Force career path more attractive by providing benefits that are unmatched in civilian jobs. The Air Force must "tune up" unacceptable dependent medical services and make meaningful improvements to all aspects of family support--especially regarding spouses--while continuing to provide realistic and stimulating training and eliminate inappropriate additional duties, aircrew turbulence, and assignment uncertainties wherever possible. Finally, this study recommends formal training for squadron commanders in order to place this costly and vital resource--Air Force pilots--under leadership that is both credible and effective. It must be

# Retention Issues: FUTURE



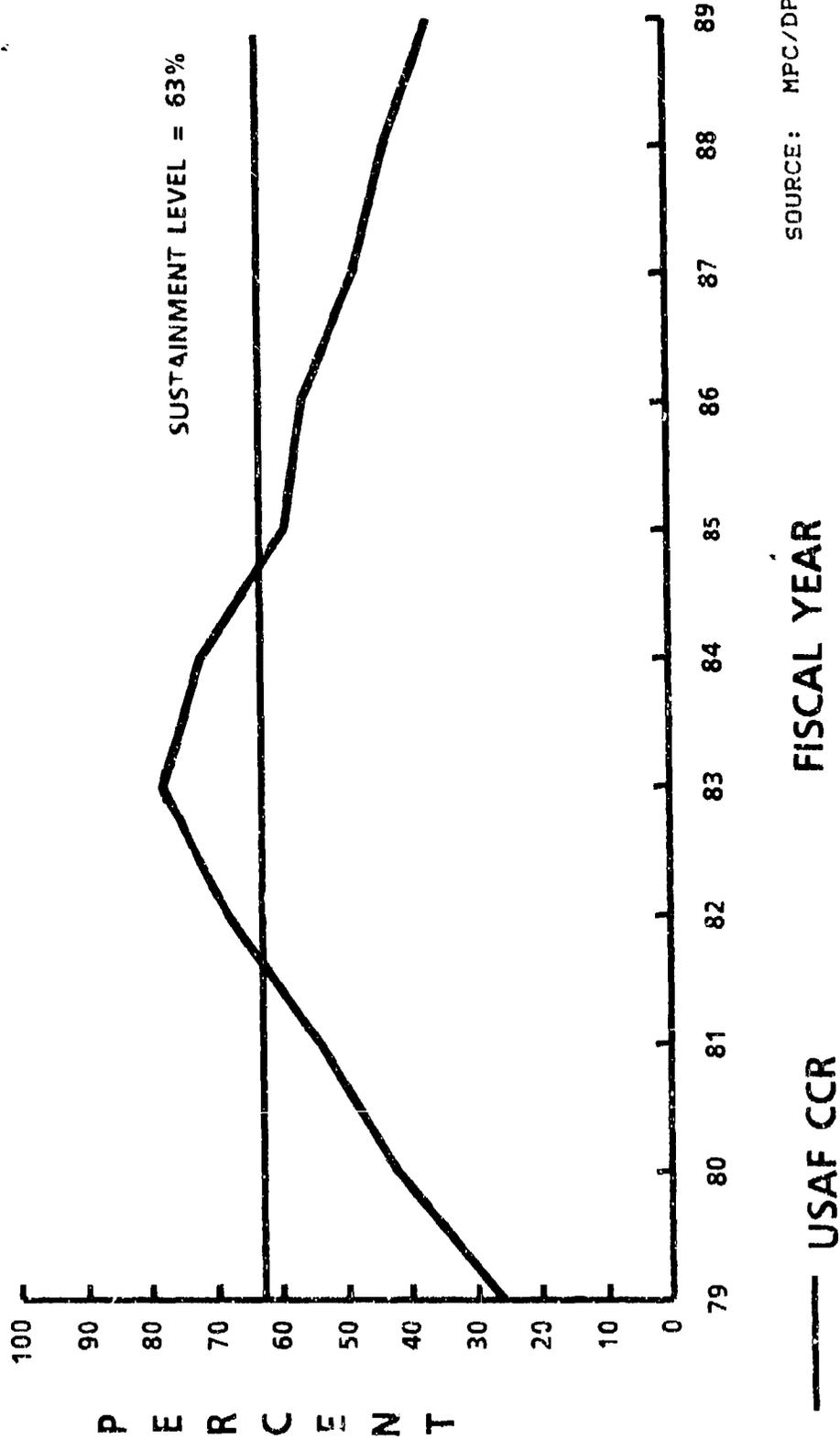
## FIGURE #3

obvious to the reader that several of the recommended initiatives not only address pilot retention but also would create a more positive environment for every member of the Air Force, avoiding the creation of an elitist group.

Building Block Approach Will Succeed

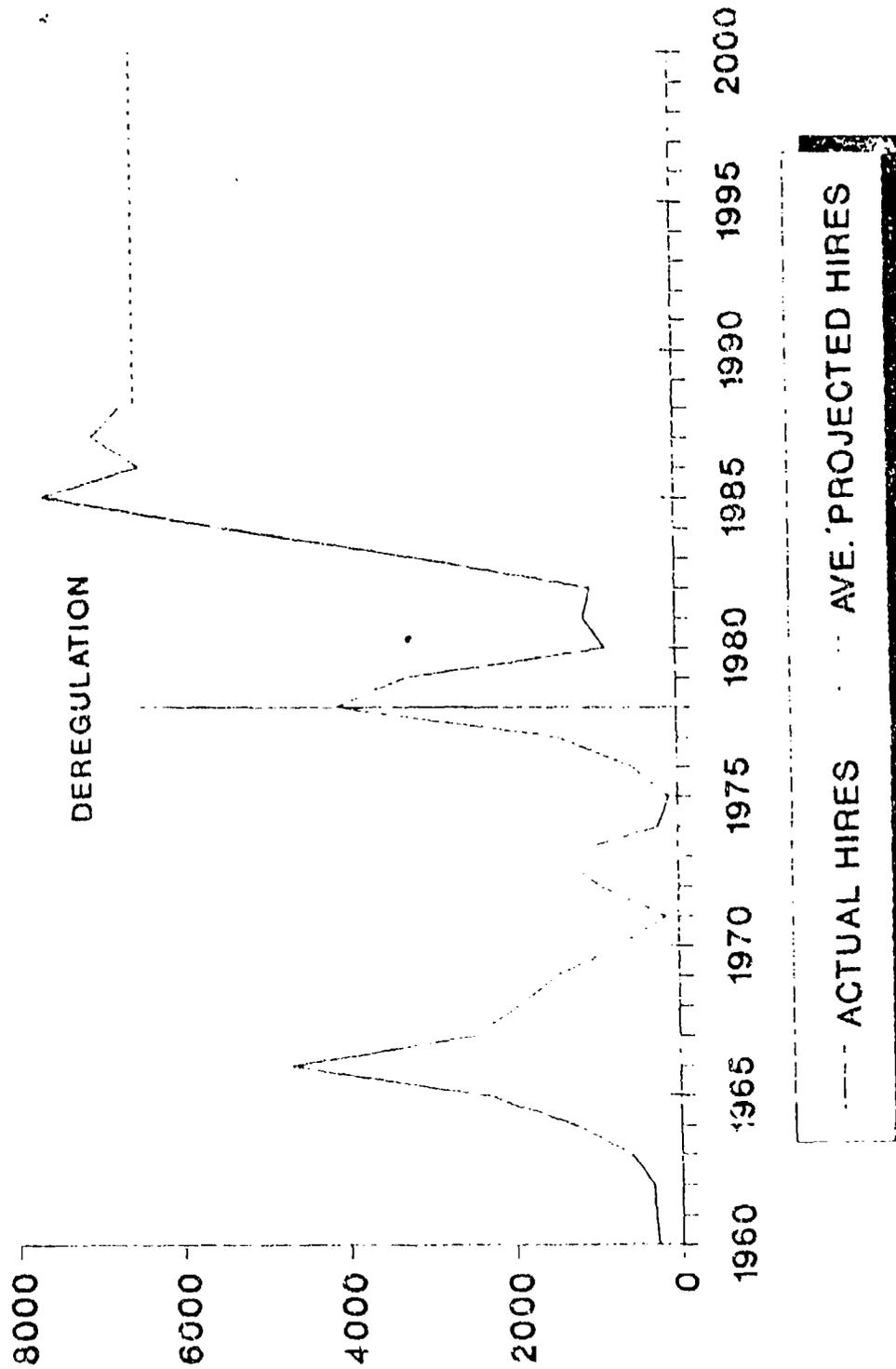
As figure #3 illustrates, a successful solution to the problem of pilot retention will not be a "silver bullet" but rather the result of a comprehensive building block approach. Today, important blocks are still missing in the areas of compensation, family/spouse support, job satisfaction, medical benefits and leadership. Only a concentrated effort at all levels of the Air Force, along with the strong support of Congress, will make these recommendations reality and finally end the pilot retention problem.

# PILOT CCR BY FISCAL YEAR



Cumulative Continuation Rate (CCR): The percent of pilots who would complete the retention sensitive years of their careers, 6-11 years of commissioned service, if the retention pattern for the previous 12 months continued.

# AIRLINE PILOT HIRES



SOURCE: MAC/DPXPA

**SUBJECT: Aviation Career Improvement Act of 1989 (ACIA-89)**

1. **ISSUE:** Overview of ACIA-89 provisions

2. **BACKGROUND:**

- Pilot retention continues to decline from a high of 78% (FY83) to 36% (FY90/1)
- Aviator Continuation Pay (ACP; Pilot Bonus) implemented in FY89
- Senators Glenn and McCain introduced legislation on 17 Mar 89; Aviation Career Improvement Act of 1989 (S.653)
  - Representatives Byron, Bateman and others introduced identical legislation on 23 Mar 89 (H.R. 1597)

3. **KEY POINTS:**

ACIA-89 incorporated in FY90 DoD Authorization Act (P.L. 101-189):

- Aviation Career Incentive Pay (ACIP) rate increase (Atch 1)
  - increases apply to all rated aviators (including warrant officers), maximum ACIP increases from \$400/mo to \$650/mo
  - effective upon enactment; Service Secretary discretion was available to delay implementation
- Gates (years of aviation service required for continuous entitlement to ACIP) under new law; effective 1 Oct 91
  - 9 years of operational flying in first 12 years of aviation service provides for continuous ACIP to 18 YOS
  - 9 by 12 and 10 by 18 provides for continuous ACIP to 22 YOS
  - 9 by 12 and 12 by 18 provides for continuous ACIP to 25 YOS
- Transition into new gate requirements (effective 1 Oct 91)
  - those who have met a previous gate are "grandfathered" to receive ACIP to the corresponding YOS (i.e. 6 by 12 gate, 18 YOS; 9 by 18 gate, 22 YOS; 11 by 18 gate, 25 YOS)
  - less than 6 yrs aviation service new gate requirements apply
  - at least 6 but less than 12 yrs of aviation service with less than 6 yrs flying credit, must subsequently complete 6 by 12 and 9 by 15 to qualify for continuous ACIP to 18 YOS
  - at least 12 but less than 18 yrs of aviation service and subsequently complete 9 or 11 by 18; ACIP to 22 or 25 YOS
  - limited (case by case) Secretarial waiver authority provided
    - requires annual report to Congress specifying the number of officers who failed to meet gate requirements and the number granted waivers for continuous ACIP
- Aviator Continuation Pay (ACP; Pilot Bonus)
  - extends current authority (max \$12K/yr through 14 YOS) through FY91; codifies in title 37, U.S.C., section 301b
  - retroactive bonus payments to those who were eligible between 1 Oct 89 and the date of enactment of the bill (29 Nov 89)
  - Services submit annual (15 Feb) reports to OSD on: cost of long vs short bonus contracts, effects of the bonus on reten-

APPENDIX C

tion, the desirability of targeting the bonus program  
--- SecDef submits report to the HASC and SASC by 15 Mar

- Active Duty Service Commitments (ADSC)
  - minimums set in law (following UFT): 8 years for fixed wing jet pilots; 6 years for all other rated aviators
  - applies to those entering UFT after 30 Sep 90 except:
    - new ADSC does not apply to Service Academy and ROTC graduates who graduate before 31 Dec 1991
    - new ADSC does not apply to any person who signs agreement before 1 Oct 90 requiring a shorter ADSC
- Flying Positions/Requirements
  - NLT 30 Sep 92 DoD must reduce "nonoperational flying positions" to not more than 95% of such positions in existence on 30 Sep 89
  - no increases to "nonoperational flying positions" permitted after 30 Sep 92 unless authorized by law
    - "nonoperational flying duty positions" defined as positions that require the assignment of an aviator but do not include operational flying duty
- Aviator Insurance
  - report required NLT 15 Nov 90 to Congress evaluating the adequacy of SGLI and the practicality and desirability of providing a \$100K accidental death insurance plan for aviation crew members on active duty
    - include a legislative proposal and a recommendation on providing such an insurance plan for other members in occupational specialties characterized as hazardous
- National Aviator Shortage
  - sense of Congress that the President establish Commission on National Shortage of Aviators
  - private sector and DoD representation; appointed NLT 15 Feb 90; submit report on problems and solutions NLT 1 Mar 91
- GAO report on pilot assignment policy/practices (NLT 15 Sep 90)

4. DP STAFF VIEWS:

- Looking into the possibility of enhancing ACP by offering the pilot the option of up-front or deferred bonus payments
  - eliminates contract approach and "forced decision" of ACP

5. OTHERS VIEWS: None

6. RECOMMENDATION:

- None. For information only

Capt Colchin  
AF/DPXEL, 50020  
5 Feb 90

1 Atch  
ACIP Rate Comparisons

**AVIATION CAREER IMPROVEMENT ACT OF 1989  
PROPOSED ACIP RATES**

**PHASE I**

Years of aviation service (including flight training) as an officer:	Current Monthly <u>Rate:</u>	Proposed Monthly <u>Rate:</u>
2 or Less .....	\$125	\$125
Over 2 .....	\$156	\$156
Over 3 .....	\$188	\$188
Over 4 .....	\$206	\$206
Over 6 .....	\$400	\$650

**PHASE II**

Years of service as an officer as  
computed under section 205:

Over 18 .....	\$370	\$585
Over 20 .....	\$340	\$495
Over 22 .....	\$310	\$385
Over 24 .....	\$280	\$385*
Over 25 .....	\$250	\$250**

\* Over 24 YOS rates not reduced in new proposal

\*\*Over 25 YOS conditional, must be in operational flying billet to  
receive ACIP

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