

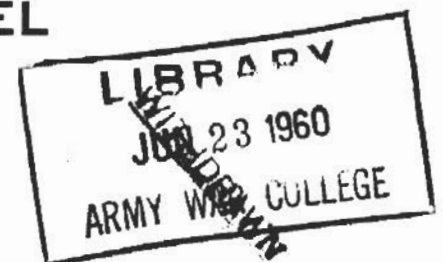
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**Report of the
Defense Advisory
Committee
on**

**PROFESSIONAL AND
TECHNICAL COMPENSATION**

MILITARY PERSONNEL



VOLUME I

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OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON 25, D. C.

Defense Advisory Committee
on
Professional and Technical Compensation

May 8, 1957

Dear Mr. Secretary:

The Report of your Defense Advisory Committee on Professional and Technical Compensation is submitted herewith.

Under the terms of Reference issued 23 March 1956, this Committee was appointed to advise you concerning the adjustments that might be needed in the present provisions for compensation of officer and enlisted technicians and civilian personnel in the upper grades in order to attract and retain the competent personnel required by our defense activities.

The Committee Report presents an integrated program, which, through modern management of the manpower in the armed services, can simultaneously reduce the cost and increase the effectiveness of the national defense. Adoption of this program in its entirety will, in our judgment, make it possible to attract, retain and motivate the scientific, professional, technical, combat leadership and management skills required by the Department of Defense today and in the future. It is believed the improvements will be far reaching and long lasting, and will bring in greater savings and gains with each passing year as the new systems are instituted. Such benefits cannot be achieved by half-measures which adopt the terminology but kill the substance of the recommendations.

In brief, the suggested program proposes:

1. A modern compensation plan to pay people what their services are actually worth, instead of paying people on the basis of longevity of service, and in this way encourage and reward outstanding performance, advanced skills, and military careers for high quality personnel.
2. A manpower management plan to provide a means for proper and effective administration of the pay plan. This manpower management plan is designed to give the Department of Defense greater flexibility and control over the distribution of skills and experience in the services and places emphasis on quality rather than quantity.

The six major results that can be achieved by means of the Committee's proposals, Mr. Secretary, are:

1. About a 15% improvement in the combat capabilities of the United States Armed Forces, without a significant change in the budget. Or
2. Savings and gains up to five billion dollars a year by 1962 - or sooner - in the cost of national defense.
3. Sharp reductions in training accidents now, and in military and civilian losses in the event of war.
4. Reduction in the number of military personnel required to produce a given level of national security.
5. A long-term solution to the basic manpower problems of the Armed Services.
6. Improved attraction, retention and motivation of the professional and technical civilian personnel in the Department of Defense.

In submitting this report, the Committee acknowledges the cooperation and active assistance of departments and agencies within and outside the Department of Defense. It has also had the benefit of the views and suggestions of individual Service personnel of all ranks and grades.

During the course of the Committee's work, other major areas of interest affecting the ability of the Department of Defense to attract, retain and motivate needed personnel were identified. In the time allocated for the Committee to complete its work, it became clear that the Committee could not adequately explore all of the areas identified for study. It was felt that the broad compensation subject was of such importance as to be the primary concern for the Committee. Therefore, the Deputy Secretary of Defense has directed that additional special studies be accomplished by the Department of Defense in these areas:

1. Military housing.
2. Feasibility of further augmentation of the Department of Defense work force through contracts with industry.

Limitations of time also precluded the Committee from making exhaustive study of the present "fringe benefits." We urge that further studies in this important area be made by the Department to determine the adequacy of the benefits now provided by law or regulation.

The Committee wishes to emphasize the importance of early completion of these studies, particularly on housing, and for prompt initiation thereafter of such specific measures as may be found necessary to correct existing deficiencies.

There is no automatic solution to Department of Defense manpower and compensation problems. The Committee believes that the instruments and approaches being recommended in this Report will make effective solutions possible. We urge that the Report receive the earnest consideration of the Congress and the Administration because it represents an important opportunity to improve the defense capabilities of the Nation and at the same time reduce the cost of defense, the largest single item in the Federal budget.

Respectfully,

/s/ John A. Hannah

/s/ Charles R. Hook

/s/ H. Lee White

/s/ Hugh M. Milton, II

/s/ Albert Pratt

/s/ David S. Smith

/s/ William M. Fechteler

/s/ Richard E. Nugent

/s/ C. Rodney Smith

/s/ Carter L. Burgess
Vice Chairman

/s/ Charles H. Hayes

/s/ Ralph J. Cordiner
Chairman

Honorable Charles E. Wilson

Secretary of Defense

TERMS OF REFERENCE

The Secretary of Defense
Washington

MEMORANDUM FOR THE CHAIRMAN, DEFENSE ADVISORY COMMITTEE ON PROFESSIONAL AND TECHNICAL COMPENSATION

SUBJECT: Terms of Reference

The Commission on Organization of the Executive Branch of the Government has pointed out that compensation for military and civilian personnel in the upper grades is inadequate to attract and retain the competent management required by our defense activities. Present remuneration is not commensurate with the grave responsibilities such officials must assume and places the Department of Defense at a competitive disadvantage with private industry.

The Career Incentive Act of 1955 did much to improve the situation for military personnel in intermediate grades. However, recommendations for increases in officer grades O-7 and O-8 were appreciably reduced.

The pending Executive Pay Bill, to be considered by this Congress, will have a definite bearing on what increases should be extended civilian scientific and professional personnel and personnel in grades GS-12 or higher.

Consideration must be given to the existing system for recompensing officer and enlisted technicians. The present practice of rewarding technical ability with rank in order to provide adequate pay, depreciates military authority and responsibility. Our most recent efforts to improve the compensation of those in the medical profession are indicative of a piecemeal approach to the problem, dictated by demand and without orientation to our over-all manpower requirements. If feasible, a more suitable solution is desirable and indicated. The problem is a complicated one, as some balance must be maintained between technicians and combat personnel.

I have appointed this committee to advise me in the above matters. I request you consider the present compensation authorized both civilian and military managers and submit recommendations as to what adjustments are required in the upper grades. As a collateral problem you will also study a proper method of recompensing technical ability without depreciation of the authority and responsibility inseparable from command. Your recommendations should include necessary implementing legislative proposals.

Staff support will be provided by the Office of the Assistant Secretary of Defense (Manpower, Personnel and Reserve).

Liaison will be maintained with the Chairman, Civil Service Commission.

The Committee will complete its deliberations and submit recommended legislative proposals prior to the first session of the 85th Congress.

(signed)

Reuben B. Robertson, Jr.
Deputy

23 March 1956