

The original documents are located in Box 50, folder “1976/07/12 HR10451 Nuclear Career Incentive Act of 1975” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald R. Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

Exact duplicates within this folder were not digitized.

87/12/76

APPROVED
JUL 12 1976

THE WHITE HOUSE
WASHINGTON
July 9, 1976

ACTION

Last Day: July 14

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

H.R. 10451-Nuclear Career
Incentive Act of 1975

Posted
7/12/76

Archives
7/12/76

Attached for your consideration is H.R. 10451, sponsored by Representative Stratton, which provides authority for a variety of bonus payments to nuclear-qualified naval officers to attract and retain sufficient numbers of high quality personnel to supervise and operate the Navy's nuclear fleet. The enrolled bill is identical to legislation supported by the Administration.

Additional information is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, NSC, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 10451 at Tab B.



87/12/76

APPROVED
JUL 12 1976

THE WHITE HOUSE
WASHINGTON
July 9, 1976

ACTION

Last Day: July 14

Posted
7/12/76

Archives
7/12/76

MEMORANDUM FOR
FROM:
SUBJECT:

THE PRESIDENT

JIM CANNON

H.R. 10451-Nuclear Career
Incentive Act of 1975

Attached for your consideration is H.R. 10451, sponsored by Representative Stratton, which provides authority for a variety of bonus payments to nuclear-qualified naval officers to attract and retain sufficient numbers of high quality personnel to supervise and operate the Navy's nuclear fleet. The enrolled bill is identical to legislation supported by the Administration.

Additional information is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, NSC, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 10451 at Tab B.





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 8 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 10451 - Nuclear Career
Incentive Act of 1975
Sponsor - Rep. Stratton (D) New York

Last Day for Action

July 14, 1976 - Wednesday

Purpose

Provides authority for a variety of bonus payments to nuclear-qualified naval officers to attract and retain sufficient numbers of high quality personnel to supervise and operate the Navy's nuclear fleet.

Agency Recommendations

Office of Management and Budget	Approval
Department of Defense	Approval

Discussion

Under laws enacted in 1969 and 1972, bonus payments of up to \$15,000 were authorized for nuclear-qualified naval officers with less than ten years of commissioned service who agreed to serve for one four-year period beyond their initial term of obligated service (normally five years). Authority for these bonuses, however, expired on June 30, 1975.

These bonus authorities were initially successful, increasing the retention rate among junior officers from 33 percent to 47 percent. Even with the bonuses, however, the Navy never achieved its required retention rate of 51 percent. Moreover, in recent years, the trend has reversed with the



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 8 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 10451 - Nuclear Career
Incentive Act of 1975
Sponsor - Rep. Stratton (D) New York

Last Day for Action

July 14, 1976 - Wednesday

Purpose

Provides authority for a variety of bonus payments to nuclear-qualified naval officers to attract and retain sufficient numbers of high quality personnel to supervise and operate the Navy's nuclear fleet.

Agency Recommendations

Office of Management and Budget	Approval
Department of Defense	Approval

Discussion

Under laws enacted in 1969 and 1972, bonus payments of up to \$15,000 were authorized for nuclear-qualified naval officers with less than ten years of commissioned service who agreed to serve for one four-year period beyond their initial term of obligated service (normally five years). Authority for these bonuses, however, expired on June 30, 1975.

These bonus authorities were initially successful, increasing the retention rate among junior officers from 33 percent to 47 percent. Even with the bonuses, however, the Navy never achieved its required retention rate of 51 percent. Moreover, in recent years, the trend has reversed with the

1975 retention rate falling to 42 percent and projected to decline to 36 percent in 1976. Due to a number of factors (e.g., competition for qualified personnel from the expanding, private nuclear industry, increased resignations among middle-grade officers completing their bonus obligation), the Navy has been facing an increasingly serious problem in maintaining a qualified officer force to supervise its nuclear ships.

The enrolled bill, which is identical to legislation supported by the Administration, is designed to remedy the Navy's accession and retention problems with regard to nuclear-qualified officers. It would amend and extend the existing bonus authorities and authorize a variety of new bonus payments to attract and retain qualified personnel.

Specifically, H.R. 10451 would renew the expired bonus authorities (described above) from June 30, 1975, to September 30, 1981, and would increase from \$15,000 to \$20,000 the total amount of bonus payments which may be made.

The bill would also provide authority to pay accession bonuses of not more than \$3,000 to naval officers with less than five years of commissioned service who, before September 30, 1981, have successfully completed (or have been accepted for and subsequently successfully complete) training for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants.

New, annual, nuclear career incentive bonuses would also be authorized under the bill. Such bonuses could not exceed \$4,000 per year and would be payable to a nuclear-qualified officer not above the rank of captain (pay grade O-6) who has completed his initial obligated active duty but less than 26 years of commissioned service. With certain exceptions, an otherwise qualified officer would not be eligible for an annual bonus unless he was on active duty on the last day of a "nuclear service year" (defined in the bill as the period from October 1, 1975, through September 30, 1976, or any fiscal year from 1977 to 1981). Bonuses would be reduced on a pro rata basis for days an officer was not on active duty, was not qualified for nuclear duty, was under

other obligated nuclear service, or was entitled to flight pay. Officers with 10 to 18 years of service would not be entitled to bonuses after more than three consecutive years in assignments away from ships or directly related nuclear duty. Officers with 19 to 25 years of service could not receive bonus payments unless actually assigned to nuclear billets.

The bill further provides new authority for annual career incentive bonuses of not more than \$2,400 per nuclear service year for nuclear-qualified officers who receive training for nuclear duty as enlisted men. These bonuses are designed to improve retention among warrant and limited-duty officers who serve in designated technical billets but are not eligible to command a nuclear ship. The amount of any bonus would be reduced on a pro rata basis for any days an officer was not assigned to nuclear duty, was performing other obligated nuclear service or was receiving flight pay.

In addition, H.R. 10451 would permit an officer serving under a current bonus agreement to exchange such agreement for one of the new agreements provided under the bill.

The bill would be effective on the first day of the first month after enactment, except for the new, annual bonus authorities which are retroactive to October 1, 1975, and expire September 30, 1981. The estimated cost of the bill for fiscal year 1976 and the transition quarter is \$4.45 million and \$4.7 million for fiscal year 1977. These amounts are included in the Navy's budget.


Assistant Director for
Legislative Reference

Enclosures

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 8

Time: 600pm

FOR ACTION: NSC/S *oh*
Max Friedersdorf *oh*
Ken Lazarus *oh*

cc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: July 9

Time: 500pm

SUBJECT:

H.R. 10451-Nuclear Career Incentive Act of 1975

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

please return to judy johnston, ground floor west wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20350

6 July 1976

Dear Mr. Lynn:

Your transmittal sheet dated July 2, 1976, enclosing a facsimile of an enrolled bill of Congress, H.R. 10451, "To amend title 37, United States Code, relating to special pay for nuclear qualified officers, and for other purposes," and requesting the comments of the Department of Defense, has been received. The Department of the Navy has been assigned the responsibility for the preparation of a report expressing the views of the Department of Defense.

The purpose of H.R. 10451 is threefold:

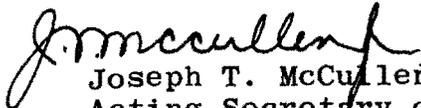
- (1) To renew and increase the expired 4-year contract bonus for nuclear Naval officers in order to retain junior and middle grade officers beyond minimum required service;
- (2) To increase accession into nuclear service by offering a bonus for officers entering and successfully completing naval nuclear training;
- (3) To maintain an adequate inventory of nuclear qualified career officers by offering an annual bonus which would make total pay of all nuclear officers more comparable to and competitive with pay in nuclear private industry.

It is envisioned that the accession and retention bonuses will enable the Navy to attract and retain a sufficient number of high quality officers to supervise the Navy's nuclear attack and ballistic missile submarines and the nuclear surface fleet.

The approval of this legislation would result in no increase in the fiscal year 1977 budgetary requirements of the Department of Defense

The Department of the Navy, on behalf of the Department of Defense, recommends the approval of H.R. 10451.

Sincerely yours,


Joseph T. McCullen, Jr.
Acting Secretary of the Navy

Honorable James T. Lynn
Director, Office of Management and Budget
Washington, D. C. 20503



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 8

Time: 600pm

FOR ACTION: NSC/S
Max Friedersdorf
Ken Lazarus

cc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: July 9

Time: 500pm

SUBJECT:

H.R. 10451-Nuclear Career Incentive Act of 1975

ACTION REQUESTED:

_____ For Necessary Action

_____ For Your Recommendations

_____ Prepare Agenda and Brief

_____ Draft Reply

For Your Comments

_____ Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

No objection.

Ken Lazarus

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

THE WHITE HOUSE

WASHINGTON

July 9, 1976

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF
SUBJECT: H.R. 10451 - Nuclear Career Incentive Act of 1975

The Office of Legislative Affairs concurs with the agencies
that the subject bill be signed.

Attachments

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 8

Time: 600pm

FOR ACTION: NSC/S
Max Friedersdorf
Ken Lazarus

cc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmultz

FROM THE STAFF SECRETARY

DUE: Date: July 9

Time: 500pm

SUBJECT:

H.R. 10451-Nuclear Career Incentive Act of 1975

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

*Revised
Approval
Schmultz*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

NATIONAL SECURITY COUNCIL

July 9, 1976

MEMORANDUM FOR: JAMES M. CANNON
FROM: Jeanne W. Dav 
SUBJECT: H. R. 10451

The NSC Staff concurs in the proposed Enrolled Bill H. R. 10451 -
Nuclear Career Incentive Act of 1975.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 8 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 10451 - Nuclear Career
Incentive Act of 1975
Sponsor - Rep. Stratton (D) New York

Last Day for Action

July 14, 1976 - Wednesday

Purpose

Provides authority for a variety of bonus payments to nuclear-qualified naval officers to attract and retain sufficient numbers of high quality personnel to supervise and operate the Navy's nuclear fleet.

Agency Recommendations

Office of Management and Budget Approval

Department of Defense Approval

Discussion

Under laws enacted in 1969 and 1972, bonus payments of up to \$15,000 were authorized for nuclear-qualified naval officers with less than ten years of commissioned service who agreed to serve for one four-year period beyond their initial term of obligated service (normally five years). Authority for these bonuses, however, expired on June 30, 1975.

These bonus authorities were initially successful, increasing the retention rate among junior officers from 33 percent to 47 percent. Even with the bonuses, however, the Navy never achieved its required retention rate of 51 percent. Moreover, in recent years, the trend has reversed with the



To-
J. Cannon
7-8-76
5:30 J.M.

NUCLEAR CAREER INCENTIVE ACT OF 1975

APRIL 13, 1976.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. STRATTON, from the Committee on Armed Services, submitted the following

REPORT

[To accompany H.R. 10451]

The Committee on Armed Services, to whom was referred the bill (H.R. 10451) to amend title 37, United States Code, relating to special pay for nuclear qualified officers, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of the bill is to provide special pay in the form of accession and retention bonuses for nuclear-qualified officers to attract and retain a sufficient number of high-quality officers to supervise the Navy's nuclear attack and ballistic-missile submarines and the expanding nuclear surface fleet.

BACKGROUND

Authority to provide bonuses to nuclear-qualified officers expired on June 30, 1975. Beginning in 1969 authority had been provided for a one-time bonus of up to \$15,000 for a nuclear-qualified officer signing a four-year active-duty agreement. That bonus was directed at a retention problem among junior officers completing their initial obligated service. The officers were eligible for the bonus at any time after completion of the obligated service (normally at the completion of five years of active duty) and prior to completing ten years of service. The bonus provided for four annual installments of \$3,750 each; however, the officer could sign the agreement up to one year prior to completing obligated service and have the bonus spread over five years with annual payments of \$3,000 each.

That bonus was initially successful in retaining officers in the six-to-ten-year period of service. However, the bonus in recent years has been insufficient for a number of reasons. Following completion of the four years of obligated service, the officers experienced a sudden reduction in their income. There was no follow-on financial incentive to continue in a nuclear Navy career after the 4-year bonus period. This termination of the bonus coincided with the time in their professional lives when they were fully trained nuclear specialists and were offered attractive salaries from nuclear industry. In addition, the one-time bonus by itself did not have significant impact on improving the ability to attract career-oriented junior officers into the nuclear-power program. The result was that billets in the nuclear program were frequently filled by reserve officers who were not career minded. Less than 15 percent of these reserve officers were retained past their obligated service. One of the things it is hoped to achieve in the reorienting of the bonus law as provided in the present bill is increased accessions of regular source officers into the nuclear-power program.

The energy crisis of 1974 and the attendant continuing concern for alternate sources of energy created increased recruiting efforts on the part of civilian nuclear industry; and the one place that industry can turn for experienced, highly trained nuclear manpower is the U.S. Navy. The competition from industry has, therefore, had an adverse impact on retention in the nuclear Navy.

Earlier committee action

In July of 1975 the Committee on Armed Services reported H.R. 7642 and included in the bill a provision for an extension of the \$15,000 nuclear-qualified officer bonus which expired on June 30. That measure passed the House on October 6, 1975. In presenting that bill to the House, the committee made it clear that it was a stopgap measure to continue the old bonus authority until such time as the committee had the opportunity to thoroughly study the retention problem among nuclear-qualified officers and to consider the new legislation proposed by the Navy. The committee limited that proposed extension to June 30, 1976, with the understanding that consideration of an alternate bill could be completed prior to that time. However, final congressional action on a simple bonus extension was not completed.

In the meantime, the Committee on Armed Services, as a result of its study, has concluded that a simple extension of the old bonus law would be thoroughly inadequate in attempting to solve the Navy's retention problems and is, therefore, recommending enactment of H.R. 10451.

COMMITTEE PROCEDURE

In order to ascertain the extent of the retention problem among nuclear-qualified officers, the Armed Services Subcommittee on Military Compensation, in addition to a hearing in Washington, visited ships in order to talk directly with nuclear-qualified personnel. Members of the subcommittee took testimony from nuclear-qualified officers from ballistic-missile submarines at Rota, Spain; from officers of ballistic-missile and attack submarines at Holy Loch, Scotland; and from both submarine and surface nuclear-qualified officers at Norfolk, Virginia. In addition, Mr. Won Pat, a member of the subcommittee, interviewed nuclear-qualified officers aboard submarines at Guam.

The subcommittee took testimony from personnel of ranks ranging from warrant officer to rear admiral and followed the procedure of talking to junior officers without their senior officers present.

The hearings are available as House Armed Services Committee document No. 94-30.

DISCUSSION

The committee found that there is a very serious retention problem among these nuclear-qualified officers and unless action is taken to reverse the trend, in a matter of several years the Navy could be faced with having to lay up submarines because of a shortage of nuclear-qualified officers. As of the end of fiscal year 1975, retention among junior officers in the nuclear-power program completing initial obligated service was at 42 percent and on a downward curve. Without some increased effort, it is projected to go down to only 34 percent in the present fiscal year. The Navy has a stated requirement to retain at least 51 percent of the junior officers for proper manning of the nuclear fleet.

Additionally the resignation rate among middle-grade officers completing their bonus obligation has increased from 5 percent to over 30 percent in recent years.

This loss of experienced officers is quite serious when one analyzes the manning requirements of the nuclear fleet.

For example, in 1969 there were 1,014 nuclear qualified officers in the grades of lieutenant through commander. This number increased by 10 percent to 1,120 by 1974, in part as a result of the earlier bonus. Unless the recent resignation rate is reversed in 1976, the projected 1977 inventory will be approximately 1,000 officers, less than the 1969 inventory. However, the number of nuclear ships has increased by approximately one-third, from 101 in 1969 to 135 in 1977.

There are projected to be 967 shipboard and nuclear-support requirements billets just in the three grades of lieutenant through commander in 1977 for which, as indicated, there will be barely 1,000 officers available. As a result, virtually no officers are available for career broadening shore-duty assignments.

The Navy estimates it has only 71 percent of the desired inventory required to provide a reasonable career pattern, including some rotation to shore billets.

This is an inadequate manning level and leaves the Navy with insufficient selectivity in picking its executive officers and commanding officers for nuclear submarines.

Stringent requirements

The nuclear-qualified officer force is a small, highly trained and specialized community. It is composed of intelligent and very capable officers who have succeeded in a very rigorous training program. They constitute very attractive job candidates for private industry.

In the Navy these officers face a very demanding work life. In addition to long and unbroken periods of sea duty, they face very long and arduous work schedules while at sea, dictated by the exacting demands of nuclear safety. Even when their ships are in port or in the shipyards the constant attention required by the nuclear plant demands extraordinarily long work hours and constant attention to detail. The schedule at sea includes the constant requirement to enhance the training of new officers and of enlisted personnel.

The retention problem builds upon itself. As the standards for nuclear safety cannot be relaxed, only fully qualified officers can be assigned to nuclear billets at sea. As the resignations increase, the number of officers available for sea duty diminishes and the uninterrupted years of sea duty get longer. Today a young officer assigned to one of our attack submarines or ballistic-missile submarines faces the prospect of 12 to 14 years of continuous sea duty. The young officer at sea is well aware of this. He is aware that he cannot look forward to rotation to a shore billet and that his period of separation from his family is going to be even greater than for most Navy officers. He is aware that he will not have the same opportunity as other officers of getting an assignment to advanced schooling in midcareer. He is aware that he will have less opportunity to assignment to career-broadening staff positions, which may have a negative impact when he is a more senior officer competing for high rank.

Professionalism and Morale

In its extensive interviews with nuclear-qualified officers, the subcommittee was impressed by the sense of professionalism and high morale among this dedicated officer force.

The officers who man our attack and ballistic-missile submarines are fully aware that they are performing a job of critical national importance. Despite the long hours, they almost uniformly state that they find their work challenging, that they have great respect for, and pride in, the nuclear force. They recognize the necessity for exacting and demanding requirements and speak in strong support of the rigorous training program and operational requirements that Admiral Rickover has instilled in the nuclear force. What these young officers need is the realization that the extraordinary task they are performing is recognized. The Armed Services Committee found that this sense of recognition is as important to these young officers as the financial reward itself. They have to know that their very special kind of service is appreciated.

The committee is aware that some of the drawbacks to such a career cannot be dealt with in legislation. We cannot wholly prevent the long family separations which are inevitable when men are at sea. We cannot change the demanding work schedules required by nuclear safety. It is hoped, however, that by the sense of recognition and the increased financial reward provided by the present legislation, retention can be improved and more personnel attracted into the program. This, in turn, will allow for some reasonable rotation to shore duty during the officer's career.

At present the nuclear-qualified officer can look forward to 15 to 16 years at sea during a 20-year career. The Navy expressed to the committee the modest hope that as a result of this legislation, the total sea-duty time can be reduced to 12½ years.

FEATURES OF THE LEGISLATION

The bill provides several types of bonus authority:

Annual incentive bonus (\$4,000).—Section 3 of the bill would create a new section 312c to provide for an annual bonus of up to \$4,000 for nuclear-qualified officers, to be paid at the end of each fiscal year after the completion of obligated service. This bonus would provide suitable

recognition for all nuclear-qualified officers and is designed to improve the retention of both junior- and middle-grade nuclear-qualified officers. An officer would not be eligible for this bonus during any period when he was performing obligated service.

Four-year agreement (\$20,000).—Section 2 would amend section 312 of title 37, United States Code, to renew the authority for a one-time bonus for an officer who signs a four-year agreement. The bonus would be up to \$20,000. This is designed to provide a particularly powerful attraction at the time when a man completes his obligated service, normally at the end of five years. It would also provide the Navy advance information on retention for future planning purposes. This bonus could be paid only once and only to officers with less than ten years of service.

While the four-year bonus period would normally cover the four years after completion of obligated service, the bill provides that the officer can sign up for the bonus up to a year before his obligated service expires and have the payments spread over five years rather than four.

Accession bonus (\$3,000).—Section 3 of the bill creates a new section 312b of title 37, United States Code, to provide an accession bonus of up to \$3,000 as an incentive for qualified young officers to enter the nuclear-power program. This would be a one-time bonus that the officer would receive on successful completion of nuclear power training program.

The Navy has never met the accession goals for regular source officers into this critical program, which has, in turn, resulted in severe inventory shortages that have made the retention problem even more serious. This bonus would be utilized to attract sufficient numbers of career motivated officers into this demanding program, thus improving the long term retention of nuclear qualified officers and would serve as recognition of the rigorous demands of this training program. The officer must have less than five years of commissioned service to be eligible and would receive the bonus only if he successfully completes nuclear power training.

Initial testimony on the legislation indicated that the Navy contemplated withholding use of this accession bonus until the effect of the other portions of the bill had been observed. The Committee believes this accession bonus is a necessary element in the package of special pay required to increase the nuclear officer force and wants it understood by the Department of Defense that the authority is provided with the understanding by the Committee that it will be utilized promptly. The Committee recognizes that the Navy may wish to implement the bonus at less than the maximum dollar amount authorized in the bill.

Officers trained in enlisted status (\$2,400). Subsection (b) of the new section 312c of title 37, United States Code, would provide for an annual bonus of up to \$2,400 for nuclear-qualified officers who received their nuclear-propulsion training as enlisted men. This is designed to improve retention among warrant officers and limited-duty officers who serve in designated technical billets and make an important contribution to the success of the nuclear force but who are not eligible to succeed to command of a nuclear-powered ship. This annual bonus would be paid at the conclusion of the fiscal year.

Limitations. For a nuclear-qualified officer trained as an officer, the \$4,000 annual bonus would continue through the 18th year of service. However, an officer with more than 10 but less than 18 years of service would not be eligible for the bonus for any period in which he had been away from assignment to duty aboard ship or related nuclear assignments 3 or more years.

Officers with more than 18 years of commissioned service would be eligible for the bonus only when they are actually assigned to nuclear billets. This is designed to cover officers in the rank of captain or senior commander. For these senior officers there are less than 100 such billets.

All eligibility for the bonus would cease upon completion of 25 years of commissioned service.

Admirals would not be eligible for the bonus at any time.

Subsection (c) of the proposed new section 312c would authorize a pro rata share of the bonus to an officer who, during the year, loses his technical qualification or advances to a pay grade above O-6 or has his active duty terminated, provided that bonuses would be denied to officers where the termination of active duty or loss of technical qualification was voluntary or was the result of their own misconduct.

Subsection (d) of the new section 312c would require an annual report to the House and Senate Armed Services Committees on the effectiveness of the annual bonus.

Officers With Earlier Bonus

Section 4 of the bill would allow an officer in the first year of a 4-year active-duty agreement in effect at the time of enactment to terminate that agreement if he agrees to a new agreement for an additional 4-years of service at the higher rate proposed by section 2 of H.R. 10451. Any officer who had an active-duty agreement in effect on the date of enactment would be permitted to cancel that agreement and receive the annual \$4,000 bonus provided by the new section 312c, provided that he agrees to remain on active duty for a period of time equal to the obligated service remaining under his old active-duty agreement. The purpose of this section is to assure that he can receive the \$4,000-a-year rate rather than the maximum \$3,750-a-year rate under the old bonus law.

Effective date.—The bill would become effective the first day of the first month after enactment, except that the \$4,000 annual bonus would be effective as of October 1, 1975, allowing for the first such bonuses to be paid at the end of the fiscal-transition period, September 30, 1976. The authority for all three bonuses would terminate on September 30, 1981.

DEPARTMENTAL DATA

This bill is part of the legislative program of the Department of Defense, and the Office of Management and Budget interposes no objection. The initial bill as submitted by the Navy was extensively revised by the Navy at the direction of the Committee on Armed Services to retain the bonus approach of past law and to provide limits on the payment of bonuses to senior officers. The following letter, which accompanied the initial submission of legislation by the Navy and which is hereby made a part of this report, indicates the Navy's strong support for the purpose of providing additional special pay to improve the career retention of nuclear-qualified officers. The

Chief of Naval Personnel, VAdm. James D. Watkins, testified on behalf of the Department of Defense in support of H.R. 10451.

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, D.C., June 6, 1975.

HON. CARL ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: There is forwarded herewith a draft of proposed legislation "To amend title 37, United States Code, relating to special pay for nuclear qualified officers, and for other purposes."

This proposal is a part of the Department of Defense Legislative Program for the 94th Congress. The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress. The Department of the Navy has been designated as the representative of the Department of Defense for this legislation. It is recommended that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of the legislation is to provide a permanent career incentive pay for naval officers trained and qualified for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants. Adoption of a meaningful career incentive pay is necessary to insure the retention of sufficient qualified officer personnel to meet present and future manning requirements of the nuclear powered ships of the Navy. This incentive pay would replace the current temporary expedient of a \$15,000 bonus for junior nuclear qualified officers who contractually agree to remain on active duty for one period of four years beyond completion of the minimum obligated service.

Less than 5 percent of all naval officers on active duty are trained and qualified for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants. The direct operational expertise and benefit of excellent Navy nuclear training which these some 2,500 officers possess make them highly desirable as employment prospects for the greatly expanding civilian nuclear power industry.

During its early years, the Naval Nuclear Propulsion Program was very small and could rely on an adequate annual input of proven career dedicated officer volunteers with some years of previous experience in the conventional submarine or surface forces. The rapid expansion of the program incident to construction of the 41 ship *Polaris* fleet resulted in a direct input of relatively large numbers of qualified newly commissioned ensigns into the program and since 1964, this has been the primary source of officer input. It should be noted, however, that the desired input goals for newly commissioned ensigns have never been met, and the consecutive annual input shortfalls have caused a serious restriction in sea-shore rotation opportunity for nuclear trained officers.

Simultaneously, the retention rate of these "direct-input" ensigns has been totally inadequate to meet the need for experienced officers in the expanding Naval Nuclear Propulsion Program. In July 1969

the Congress acted to grant a necessary Nuclear Submarine Officer Continuation Pay in the form of a \$15,000 bonus for each junior nuclear qualified submarine officer who executed a written contract to remain on active duty beyond minimum obligated service for four years in support of the nuclear submarine service. In October 1972 the Congress again acted to extend the continuation pay concept to junior nuclear qualified officers who served beyond minimum obligated service in support of the aircraft carriers, cruisers, and frigates of the nuclear powered surface fleet. In both cases, the implementation of this special pay program significantly improved the temporary retention of junior nuclear qualified officers through the completion of their department head tour of duty at the ninth or tenth year of commissioned service.

These special continuation pays—in reality short-term officer retention bonuses—were enacted by the Congress as temporary stop-gap measures. The Senate and House Armed Services Committee reports on the original 1969 bill firmly document the rationale that the “bonus” solution to the nuclear officer manning problem in Navy was considered a temporary expedient and enacted as such.

Navy has applied continuing efforts to improve the career attractiveness for nuclear qualified officers, including the temporary promotions to the grade of lieutenant commander for officers serving in the position of engineer officer on nuclear powered ships, reductions in the operating tempo of nuclear powered ships and increased recognition of the contributions of these officers to the operational readiness of the Navy. However, these efforts coupled with the temporary bonus expedient have not retained the required number of officers. Middle grade nuclear qualified officers once retained by the existing special bonus pay are now leaving the naval service at the completion of the agreed-upon four year period, and in unacceptable numbers. Better than 30% of the officers who have just completed their bonus obligation at the nine year service point have resigned. In addition, the present bonus and its concomitant four year obligation have become substantially less attractive to junior officers who are just now completing their minimum obligated service; only 27 percent of the most recently eligible officers have opted for the bonus although they have had the opportunity to do so since June of 1975. Civilian nuclear industry offers both the junior and “post bonus” officer an increase in compensation for similar work at a less demanding and non-seagoing pace. For the post bonus officer, the civilian pay alternative is particularly attractive since it makes up a forced reduction in pay caused by loss of bonus payments and a possible concurrent loss of submarine pay. This problem of “post bonus” losses has become serious in view of the expanding need for capable executive officers and commanding officers in the nuclear fleet. The large number of post bonus resignations is undoubtedly reflected back to the junior officers as evidenced by their increasing reluctance to accept the bonus obligation.

Even under the current economic climate, civilian nuclear industry requirements for trained nuclear power managers, engineers, and operators are most significant. A recent survey conducted of all nuclear trained officers who have resigned within the last three years showed that 67% are currently employed by civilian nuclear industry with a rising trend to 79% nuclear industry employment by resignees in the last year.

A strong secondary reason for new Congressional action is the urgent necessity to improve the accession rate of qualified officers into the nuclear propulsion training program. Consistently inadequate annual input has caused an unreasonable demand to be placed upon the limited number of officers who do volunteer—the feedback from this further limits the annual input. A true and meaningful career incentive pay which compensates for the special demands of the program is vitally needed.

The requirements of the Navy Nuclear Propulsion Program for qualified officers are not unrealistically large—

550 per year to enter nuclear propulsion training (This goal has never been achieved, resulting in a significant increase in the required retention rate among junior officers reaching the end of their obligated service.),

150 per year retained beyond minimum obligated service,

90 per year to become executive officers, and

70 per year to command.

It is therefore proposed that the temporary and sharply focused Nuclear Officer Continuation Pay (\$15,000 bonus) system now be replaced with a meaningful and permanently established Nuclear Career Incentive Pay. The proposed new incentive pay system is structured after the recently enacted Aviation Career Incentive Pay, with minor modifications as necessary for adjustment between dissimilarities in the two career patterns. The rate of pay should be based on length of service as a commissioned officer, but for warrant officers is a flat rate, slightly higher than they had received as proficiency pay while in enlisted status as nuclear propulsion plant operators. These proposed rates of incentive pay will provide the nuclear trained officer the required degree of economic indifference to the salary offers of civilian industry after he completes minimum obligated service and for the remainder of his career. In this regard, officers with six to eight years service experience who have resigned within the last three years have a median salary with nuclear industry of nearly \$20,000 as compared to a regular military compensation for these officers without incentive pay of \$17,950 and with the proposed incentive pay of \$20,890.

Entitlement to the proposed Nuclear Career Incentive Pay would vest only in nuclear trained commissioned and warrant officers who maintain their qualification and technical proficiency for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants or those in nuclear training that directly leads to such qualification under the existing strict ERDA regulations and controls.

The proposed rates of Nuclear Career Incentive Pay are:

Monthly incentive pay:	Years of service as commissioned officer other than warrant officer
\$100	4 or less.
\$150	Over 4.
\$245	Over 5.
\$225	Over 18.
\$205	Over 20.
\$165	Over 22.
\$165	Over 24.
0	Over 25.
Warrant officers: \$200 per month.	

The proposal provides that the career incentive pay would be paid to qualified officers not restricted in the performance of duty without regard to their duty assignment during their first ten years of commissioned service. However, if at the end of, or at any time subsequent to, the tenth year of commissioned service, such an officer has been in an assignment for more than three consecutive years which does not involve the supervision, operation, or maintenance of naval nuclear propulsion plants, his entitlement to the career incentive pay is terminated until such time as he again is assigned to such nuclear duty and maintains his qualifications. The termination provisions would not apply to those nuclear qualified officers assigned to required periods of instruction or required qualifying shipboard tours of duty to prepare for assignment to a position of increased responsibility on a nuclear powered vessel. This provision assures that only officers who serve a significant portion of their career in nuclear powered ships receive this incentive pay on a continuous basis and also assures the individual officer of relative financial stability over his career. Incentive systems that offer higher rates of pay to these officers only while serving in nuclear billets have been considered; however, these systems result in considerable financial instability to the individual officer. Officers ordered ashore to important duties outside of the nuclear power field would face a forced reduction in pay of the same magnitude that the current post bonus officer is experiencing; that abrupt reduction is a major contributor to the 30% resignation rate of those officers.

The pay differential over the period of a naval career for nuclear trained officers provided by this incentive pay recognizes the value of these officers to the Navy. The cost of this special pay over the career of each nuclear trained officer retained under this proposal will be substantially less than the cost of training the required junior officers for replacement of the middle grade nuclear trained officer. In addition, in view of the consistent inability to meet the current accession goals, it is unlikely that further increased accessions could be met to make up for decreased middle grade officer retention. The total annual cost of this incentive pay proposal is very modest when compared to the capital investment involved in just one of the more than one hundred nuclear powered ships that are the responsibility of these officers to maintain and operate.

Implementation of the Nuclear Career Incentive Pay should preserve the option for junior officers currently on active duty to alternately elect to receive the Nuclear Officer Continuation Pay (\$15,000 bonus) during the four year period immediately following their completion of minimum obligated service. Although the proposed nuclear incentive pay does provide a higher remuneration over a full career, it represents a short term reduction from the bonus equivalent of \$312.50 per month during this critical four-year period. Accordingly, implementation of the Nuclear Career Incentive Pay proposal without the save-pay alternative would be recognized as a reduction in entitlement for officers just completing minimum obligated service, who have not received Nuclear Career Incentive Pay up to this point.

It is therefore recommended that the Nuclear Officer Continuation Pay enabling legislation (37 U.S.C. 312) be continued until September 30, 1980, to correspond with the new fiscal year ending date at which time all junior nuclear qualified officers reaching end of

minimum obligated service will have had full advantage of Nuclear Career Incentive Pay. Without action, this legislative authority expires June 30, 1975.

Legislation creating the Nuclear Career Incentive Pay must stipulate that officers who alternately elect to receive Nuclear Officer Continuation Pay are excluded during the period of their active service agreement.

A member receiving Aviation Career Incentive Pay under section 301a of title 37, United States Code, would be precluded from also receiving Nuclear Career Incentive Pay under this proposal.

COST AND BUDGET DATA

Implementation of this proposed Nuclear Career Incentive Pay would affect about 2400 commissioned officers and 70 warrant officers. Projected per annum cost of Nuclear Career Incentive Pay over the next five years is shown in the following table:

Fiscal year:	Millions
1976-----	\$4.9
1977-----	5.52
1978-----	5.86
1979-----	6.43
1980-----	6.82

The increasing per annum cost is based on two assumptions: accession goals will be achieved over the next five years and the number of officers receiving the continuation pay bonus will decrease. Both of these factors will cause an increase in the number of officers eligible for the career incentive pay. Once inventory stability is achieved in the nuclear trained officer community, the per annum cost of this incentive pay would be 7.5M.

Sincerely yours,

J. WILLIAM MIDDENDORF II,
Secretary of the Navy.

A BILL To amend title 37, United States Code, relating to special pay for nuclear qualified officers, and for other purposes

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 "Nuclear Career Incentive Act of 1975".

SEC. 2. Section 312(e) of title 37, United States Code, is amended by striking out "June 30, 1975" and inserting "September 30, 1980" in lieu thereof.

SEC. 3. Chapter 5 of title 37, United States Code, is amended by inserting the following new section after section 312a and a corresponding item for that new section in the chapter analysis:

"§312b Incentive pay: nuclear career

"(a) Subject to regulations prescribed by the Secretary of the Navy, an officer of the naval service who is designated as qualified for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants and who maintains this qualification, or is in training that directly leads to such qualification, and who is entitled to basic pay, is entitled to continuous monthly incentive pay in the amount set forth in subsection (b) of this section that is applicable to him: *Provided, That—*

"(1) an officer not restricted in the performance of duty who satisfies the requirements described in this section is entitled to monthly incentive pay as set forth in subsection (b) of this section for the first ten years of his service as a commissioned officer without regard to his duty assignment;

"(2) except as set forth in clause (1) of this subsection, the monthly incentive pay as set forth in subsection (b) of this section terminates if an officer remains in an assignment that does not involve the supervision, operation, or maintenance of nuclear propulsion plants for more than three consecutive years. However, the monthly incentive pay shall be restored when he again is assigned to duty in connection with the supervision, operation, or maintenance of nuclear propulsion plants and maintains his qualifications for such duty; and

"(3) the provisions of clause (2) of this subsection shall not apply to periods of time that a nuclear qualified officer is assigned to required periods of instruction or shipboard tours of duty to prepare for assignment to a position of increased responsibility on a nuclear powered vessel.

"(b) Except as provided in subsection (a)(2) of this section, an officer who satisfies the requirements described in subsection (a) of this section is entitled to monthly incentive pay as follows:

"(1) For an officer in pay grades O-1 through O-10 who is qualified under subsection (a) of this section:

Monthly rate:	Years of service as commissioned officer other than warrant officer
\$100-----	4 or less.
\$150-----	Over 4.
\$245-----	Over 5.
\$225-----	Over 18.
\$205-----	Over 20.
\$185-----	Over 22.
\$165-----	Over 24 but not over 25.

"(2) For a warrant officer who is qualified under subsection (a) of this section:

Warrant officers: \$200 per month.

"(c) In time of war, the President may suspend the payment of nuclear career incentive pay.

"(d) An officer who receives aviation career incentive pay under section 301a of this title may not also receive nuclear career incentive pay under this section."

SEC. 4. Notwithstanding the provisions of this Act, an officer who was entitled or may become entitled to special pay under section 312 of title 37, United States Code, before September 30, 1980, may elect to receive the special pay under section 312 of title 37 or the career incentive pay authorized by this Act; however, an officer who elects to receive the special pay may not receive the nuclear career incentive pay authorized by this Act during the period of his active-service agreement under section 312 of title 37, United States Code.

SEC. 5. A yearly report containing data to monitor the effectiveness of this Act shall be made by the Secretary of the Navy to the Armed Services Committees.

SEC. 6. This Act becomes effective on the first day of the first month after enactment.

COMMITTEE POSITION

The Committee on Armed Services on April 13, 1975, a quorum being present, approved the bill by voice vote.

FISCAL DATA

EXECUTIVE BRANCH ESTIMATE

The estimated annual cost of this legislation in fiscal year 1977 is \$4.7 million which is included in the fiscal year 1977 Defense budget.

The estimated cost in fiscal year 1976 and the fiscal transition period for the legislation bonus is \$4.45 million and funds for this amount are included in the Navy's budget.

FIVE-YEAR COST PROTECTION

Pursuant to section 7, rule 13, of the House of Representatives, the committee attempted to ascertain annual outlays resulting from H.R. 12438 during the present fiscal year and the 4 following fiscal years. Following are estimated outlays by fiscal year based on material provided by the Department of the Navy. The estimate contemplates use of the accession bonus at 50 percent of the maximum amount authorized in the bill:

Fiscal year:	Millions
1976/FT-----	\$4.45
1977-----	4.70
1978-----	6.05
1979-----	6.33
1980-----	6.71

The Committee would emphasize that these costs cannot be predicted with precision and inevitably depend on the success of the bonus in influencing a greater number of officers to remain in the Navy.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

In compliance with clause 2(1)(3)(C) of Rule XI of the Rules of the House of Representatives, the estimate prepared by the Congressional Budget Office and submitted pursuant to section 403 of the Congressional Budget Act of 1974 is included hereafter:

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

APRIL 1, 1976.

1. Bill number: H.R. 10451.
2. Bill title: Nuclear Career Incentive Act of 1975.
3. Purpose of bill: These amendments are designed to achieve the following objectives:
 - (A) To renew and increase the expired 4-year contract bonus for nuclear Naval officers in order to retain junior and middle grade officers beyond minimum required service.
 - (B) To increase accession into nuclear service by offering a bonus for officers entering and successfully completing naval nuclear training.
 - (C) To maintain an adequate inventory of nuclear qualified career officers by offering an annual bonus which would make total pay of all nuclear officers more comparable to and competitive with pay in nuclear private industry.

4. Cost estimate: CBO estimates that the following costs would be associated with the provisions of H.R. 10451:

[In millions of dollars]

	Fiscal year--						
	1976	Transition quarter	1977	1978	1979	1980	1981
Authorization amount . . .	0.90	2.92	4.70	6.54	7.13	7.53	7.83
Estimated costs87	2.86	4.64	6.49	7.11	7.52	7.82

5. Basis for estimate: The cost of H.R. 10451 in a given year is the summation of the product of nuclear officers choosing a particular bonus option times the amount of the bonus plus the accession bonus. Nuclear personnel inventories planned for 1977 to 1981 by the Navy were used to estimate bonus costs. These projections showed increased retention at the end of the initial 5-year commitment but decreased retention from year 9 to 10 despite the stated objective of the bill to increase retention of middle grade officers. The apparent decline in retention at the 9-year point in the face of higher pay could be due both to the conservative assumptions about the number choosing the 4-year contract, giving a overly high number at year 9, and to selecting officers out of the nuclear power program at this point. This same selection process could explain the retention levels of officers after year 10, which are projected to show little response to the bonus. In short, this estimate assumes that the bonus incentive is very effective in the under 9-years of service groups and that for the over 9 years of service group, other factors enter into the retention rate calculation. Given the retention assumptions, it is then assumed that the maximum bonus amounts will be chosen by all eligible officers.

It is assumed that this legislation becomes effective prior to June 1, 1976 such that the 4-year nuclear officer continuation bonus contract is in effect for fiscal year 1976 and T.Q. The payment for the first nuclear career annual bonus for October 1975 through September 30, 1976 is assumed to be expended entirely in the T.Q. Due to time limitations the accession bonus is assumed to be almost negligible in fiscal year 1977 and thereafter paid to all finishing students in the maximum amount of \$3,000/student. (The Navy estimates that at most 10 students would be eligible for the bonus in fiscal year 1977).

After the assumed enactment of this bill, a number of officers will still be on contract under the expired nuclear officer continuation contract. H.R. 10451 provides that these officers be allowed to terminate their old contract and receive the higher annual career bonus amount of \$4000. It is assumed that these officers terminate their contracts upon enactment and receive the higher amount, including their pro-rata share of the yearly bonus in the T.Q. The amount attributed to those on the old contract are as follows: T.Q.—.33 mil; fiscal year 1977—.82 mil; fiscal year 1978—.49 mil; fiscal year 1979—.17. The amounts have been subtracted from the costs of H.R. 10451 to get the marginal increase due to the new legislation under the assumption that all the effected officers terminate their contracts.

6. Cost comparison: There are yet no official DOD estimates on H.R. 10451. Vice Admiral Watkins said in testimony on November 5, 1975 before the Military Compensation Subcommittee of the House Armed Services Committee that the bill would cost \$4.5 million per annum growing to \$7.7 million in the 1980's when inventories have stabilized.

INFLATION-IMPACT STATEMENT

Because it affects only a relatively small group of officers and allowances for the bill have already been made in the budgetary projections of the Department of Defense for the fiscal year 1977, this legislation will not have a significant impact on the national economy.

OVERSIGHT FINDINGS

With reference to clause 2(1)(3)(D) of Rule XI of the Rules of the House of Representatives, the committee has not received a report from the Committee on Government Operations pertaining to this subject matter.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the rules of the House of Representatives, there is herewith printed in parallel columns the text of existing law which would be repealed or amended by the various provisions of the bill as reported.

EXISTING LAW

THE BILL AS REPORTED

TITLE 37, UNITED STATES CODE

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 "Nuclear Career Incentive Act of 1975".

CHAPTER 5—SPECIAL AND INCENTIVE PAYS

- 301. Incentive pay: hazardous duty.
- 302. Special pay: physicians and dentists.
- 302a. Special pay: optometrists.
- 303. Special pay: veterinarians.
- 304. Special pay: diving duty.
- 305. Special pay: while on sea duty or duty at certain places.
- 306. Special pay: officers holding positions of unusual responsibility and of critical nature.
- 307. Special pay: proficiency pay for enlisted members.
- 308. Special pay: reenlistment bonus.
- 308a. Special pay: enlistment bonus.
- 309. Reserves: members of National Guard: additional pay for performance of administrative duty.
- 310. Special pay: duty subject to hostile fire.
- 311. Special pay: continuation pay for physicians and dentists who extend their service on active duty.
- 312. Special pay: nuclear-qualified officers extending period of active service.
- 312a. Special pay: nuclear-trained and qualified enlisted members.

* * * * *
§ 312. Special pay: nuclear-qualified officers extending period of active service

- (a) Under regulations to be prescribed by the Secretary of the Navy, an officer of the naval service who—
 - (1) is entitled to basic pay;

SEC. 2. Section 312 of title 37, United States Code, is amended—

- (1) by striking out "\$3,750" and "\$3,000" in subsection (a) and by inserting "\$5,000" and "\$4,000", respectively, in lieu thereof; and

(2) Repealed. Pub.L. 92-581, § 1(2) (a), Oct. 27, 1972, 86 Stat. 1277.

(3) has the current technical qualification for duty in connection with supervision, operation, and maintenance of naval nuclear propulsion plants;

(4) has not completed ten years of commissioned service; and

(5) executes a written agreement to remain on active duty in connection with supervision, operation, and maintenance of naval nuclear propulsion plants for one period of four years in addition to any other period of obligated active service,

may, upon the acceptance by the Secretary or his designee of the written agreement, in addition to all other compensation to which he is entitled, be paid a sum of money not to exceed \$3,750 for each year of the active-service agreement. The Secretary of the Navy shall determine semi-annually the necessity for continuance of the special pay and the rate of special pay per year for such active-service agreements accepted within each six-month period. Upon acceptance of the agreement by the Secretary or his designee, the total amount payable shall become fixed and shall be paid in four equal yearly installments, commencing at the expiration of the initial obligated service; except, the Secretary or his designee may accept the active-service agreement not more than one year in advance of the expiration of the initial obligated active service and the amount may then be paid in five yearly installments, not to exceed \$3,000 per year, commencing with the date of acceptance of the agreement.

(b) No more than one agreement for each officer shall be accepted under this section.

(c) Pursuant to regulations prescribed by the Secretary of the Navy and subject to such exceptions as may be prescribed in those regulations, refunds, on a pro rata basis, of sums paid pursuant to this section may be required if the officer having received the payment fails to complete the full period of four years of active duty in connection with supervision, operation, and maintenance of naval nuclear propulsion plants which he agreed to serve.

(d) Nothing in this section shall alter or modify the obligation of a regular officer to perform active service at the pleasure of the President. Completion of the additional period of four years' active service under this section shall in no way obligate the President to accept a resignation submitted by a regular officer at the end of the four-year period.

(c) The provisions of this section shall be effective only in the case of officers who, on or before June 30, 1975, execute the required written agreement to remain in active service.

Added Pub. L. 91-20, § 1(1), June 3, 1969, 83 Stat. 12, and amended Pub. L. 92-581, § 1(1), (2), Oct. 27, 1972, 86 Stat. 1277.

(2) by striking out the date that appears in subsection (e) and by inserting "September 30, 1981" in lieu thereof.

SEC. 3. Chapter 5 of title 37, United States Code, is amended by inserting the following new sections after section 312a and by inserting corresponding items for those new sections in the chapter analysis:

"§ 312b. Special pay: nuclear career accession bonus

"(a) Under regulations prescribed by the Secretary of the Navy, an officer of the naval service who—

"(1) is entitled to basic pay;

"(2) has not completed five years of commissioned service; and

"(3) has, as a commissioned officer, received training for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants;

may, upon successful completion of that training, in addition to all other compensation to which he is entitled, be paid a bonus in an amount not to exceed \$3,000.

"(b) The Secretary of the Navy shall make an annual report to the House and Senate Armed Services Committees containing data to monitor the effectiveness of the bonus authorized by subsection (a) of this section.

"(c) The provisions of this section shall be effective only in the case of officers who, on or before September 30, 1981, have been accepted for training for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants.

"§ 312c. Special pay: nuclear career annual incentive bonus

"(a) Under regulations prescribed by the Secretary of the Navy, an officer of the naval service who—

"(1) is entitled to basic pay;

"(2) is not above the pay grade O-6;

"(3) has completed his initial obligated active service as an officer, but has completed less than twenty-six years of commissioned service;

"(4) has, as a commissioned officer, successfully completed training for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; and

"(5) has the current technical qualifications for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; may, in addition to all other compensation to which he is entitled, be paid an annual bonus in an amount not to exceed \$4,000 for each nuclear service year beginning after September 30, 1975, and ending before October 1, 1981. In order to be eligible for an annual bonus for any nuclear service year in accordance with this subsection, an otherwise qualified officer must have been on active duty on the last day of that nuclear service year. The amount of the annual bonus to which an officer would otherwise be entitled for a nuclear service year in accordance with this subsection shall be reduced on a pro rata basis for each day of that nuclear service year on which he was not on active duty; was not qualified for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; was performing obligated service as the result of an active-service agreement executed under section 312 of this title; or was entitled to receive aviation career incentive pay in accordance with section 301 of this title: *Provided, That—*

"(1) in the case of an officer with more than ten, but not more than eighteen, years of commissioned service, the amount of that annual bonus shall be further reduced on a pro rata basis for any other day

20

or days in that nuclear service year which, when added to the immediately preceding days in and before that nuclear service year, total more than three consecutive years in an assignment other than an assignment to duty on a naval vessel; duty with a nuclear ship operational command staff; duty directly involving the training of others leading to their qualification for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; or duty in connection with a nuclear propulsion examining board;

"(2) in the case of an officer with more than eighteen, but not more than twenty-five, years of commissioned service, the amount of that annual bonus shall be further reduced on a pro rata basis for any other day or days in that nuclear service year on which he was not in an assignment involving the direct supervision, operation, or maintenance of naval nuclear propulsion plants, except that in the case of an officer who, during that nuclear service year, completed his eighteenth year of commissioned service, the amount of that annual bonus shall not be reduced for any day before the end of that eighteenth year which would have been creditable for determining the amount of the annual bonus at the end of that nuclear service year for an officer with more than ten, but not more than eighteen, years of commissioned service; and

"(3) in the case of an officer with more than twenty-five, but not more than twenty-six, years of commissioned service, the amount of that annual bonus shall be further reduced on a pro rata basis for any

21

other day or days in that nuclear service year on which he was not in an assignment with duties involving the direct supervision, operation, or maintenance of naval nuclear propulsion plants, and for every day in that nuclear service year after the end of his twenty-fifth year of commissioned service.

“(b) Under regulations prescribed by the Secretary of the Navy, an officer of the naval service who—

“(1) is entitled to basic pay;

“(2) is not above the pay grade O-6;

“(3) has, as an enlisted member, received training for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; and

“(4) has the current technical qualifications for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; may, in addition to all other compensation to which he is entitled, be paid an annual bonus in an amount not to exceed \$2,400 for each nuclear service year beginning after September 30, 1975, and ending before October 1, 1981. In order to be eligible for an annual bonus for any nuclear service year in accordance with this subsection, an otherwise qualified officer must have been on active duty on the last day of that nuclear service year. The amount of the annual bonus to which an officer would otherwise be entitled in accordance with this subsection shall be reduced on a pro rata basis for each day of that nuclear service year on which he was not in an assignment involving the direct supervision, operation, or maintenance of naval nuclear

22

propulsion plants; was performing obligated service as the result of an active service agreement executed under section 312 of this title; or was entitled to receive aviation career incentive pay in accordance with section 301a of this title.

“(c) Under regulations prescribed by the Secretary of the Navy, an officer of the naval service who is not on active duty on the last day of a nuclear service year or who, on or before the last day of a nuclear service year, loses his technical qualifications or advances from the pay grade of O-6 to a higher pay grade may be paid a bonus in accordance with subsection (a) or (b) of this section on a pro rata basis, if otherwise qualified, unless termination of active duty or loss of technical qualifications was voluntary or was the result of his own misconduct.

“(d) The Secretary of the Navy shall make an annual report to the House and Senate Armed Services Committees containing data to monitor the effectiveness of the bonuses authorized by subsections (a) and (b) of this section.

“(e) For the purposes of this section, a ‘nuclear service year’ is the one-year period from October 1, 1975, through September 30, 1976, or any fiscal year beginning after September 30, 1976, and before October 1, 1981.”

Sec. 4. Notwithstanding any other provision of this Act or any other provision of law, and under regulations prescribed by the Secretary of the Navy, an officer of the naval service who, on or after the effective date of this Act, is, or will be, performing obligated service as the result of an active service agreement executed in accordance with section 312 of title 37, United States Code, as

23

it existed at any time before the effective date of this Act, may be permitted—

(1) as of the last day of the first year of that obligated service, to cancel that active service agreement in exchange for a new active service agreement in accordance with section 312 of title 37, as amended by this Act; or

(2) as of the last day of any year, other than the last year, of that obligated service, to cancel that active service agreement in exchange for eligibility for the annual bonus authorized by section 312c of title 37, as added by this Act, and an agreement to remain on active duty for a period of time equal to the period of obligated service remaining under that active service agreement.

SEC. 5. This Act becomes effective on the first day of the first month after enactment, except that section 312c of title 37, United States Code, as added by that Act, is effective as of October 1, 1975.

24

25

SUMMARY
PURPOSE

The purpose of the bill is to provide authority to pay special pay in the form of accession and retention bonuses to nuclear-qualified officers in the Navy.

FISCAL DATA

The estimated cost of the bill for fiscal year 1977 is \$4.7 million, and the estimate is included in the President's budget.

DEPARTMENTAL POSITION

The Department of Defense supports the enactment of H. R. 10451.

COMMITTEE POSITION

The Committee on Armed Services, on April 13, 1975, a quorum being present, approved H. R. 10451 without amendment by voice vote.

○

NUCLEAR CAREER INCENTIVE ACT OF 1975

JUNE 29 (legislative day, JUNE 18), 1976.—Ordered to be printed

Mr. NUNN, from the Committee on Armed Services,
submitted the following

REPORT

[To accompany H.R. 10451]

The Committee on Armed Services, to which was referred the bill (H.R. 10451) to amend title 37, United States Code, relating to special pay for nuclear qualified officers, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE

The purpose of the bill is to provide special pay in the form of accession and retention bonuses for nuclear-qualified officers to attract and retain a sufficient number of high quality officers to supervise the Navy's nuclear attack and ballistic-missile submarines and the nuclear surface fleet.

BACKGROUND

Beginning in 1969, Congress authorized a one-time \$15,000 bonus for nuclear-qualified naval officers who agreed to serve four more years after their initial obligated service. Authority for this bonus expired on June 30, 1975.

While that bonus was initially successful in increasing retention, retention has again declined in recent years. In addition losses of officers who have completed the four-year obligation under the current bonus have increased substantially. At the expiration of the current bonus period, officers who remain in the Navy must accept lower total pay at the point they are fully trained and, in some cases, receiving higher salary offers from the private nuclear industry. The resulting lower officer retention rates when combined with lower than needed accessions have led to an inadequate inventory of nuclear-qualified officers. This low inventory results in near continuous sea duty with attendant family separation and restricted career patterns

which further depress retention rates. Unless retention rates improve, the Navy reports it will be unable to man hard nuclear shore billets by 1977 and may be unable to man all nuclear ship crews by 1980.

FEATURES OF THE LEGISLATION

The bill provides for various kinds of financial incentives, in the form of bonus authority, which should serve to meet accession and retention problems and increase the inventory of these nuclear-qualified officers. The Committee emphasizes that the form of an annual bonus is designed to be a temporary authorization to meet these problems and is not designed to be a permanent addition to pay. The Committee expects the Navy to manage with some flexibility the amount and use of financial incentives within these authorization levels and to implement this bonus system so that these features are well understood. When no longer needed, each of the various bonuses should be phased out.

The bill provides several types of bonus authority:

Four-year agreement.—Section 2 would amend section 312 of title 37, United States Code, to increase the amount of the current nuclear bonus from up to \$15,000 to up to \$20,000 for a four-year agreement to serve beyond any other obligated service and to extend the current nuclear bonus authority to September 30, 1981.

The bonus would normally be paid over the four years following obligated service but the bill provides that the officer can agree to a 4-year extension of service up to 1 year before his obligated service will expire and receive the bonus payments totalling \$20,000 over 5 years rather than 4.

This bonus could be paid only once and only to officers with less than 10 years of service.

Accession bonus.—Section 3 of the bill would create a new section 312b of title 37, United States Code, to provide new authority to pay a bonus of up to \$3,000 to officers with less than 5 years service who enter and successfully complete nuclear training. An annual report to Congress on this bonus is required and the bonus would apply only to officers accepted for training no later than September 30, 1981. The Committee emphasizes that this new authority should be used by the Navy only if demonstrably needed and then only to the extent and at the minimum financial level necessary to meet accession requirements. Navy testimony indicated that if any accession bonus is needed in fiscal year 1977, it would be substantially less than the full bonus amount.

Annual incentive bonus.—Section 3 of the bill also would create a new section 312c of title 37, United States Code, to provide new authority to pay a bonus of up to \$4,000 per year to nuclear-qualified officers after their initial obligated service, but before they reach the grade of admiral or complete 25 years of service. Officers must be on active duty the last day of the nuclear service year to receive the bonus for that year. The amount of the bonus is reduced pro rata for days the officer was not on active duty, or was not qualified for nuclear duty or was under other obligated nuclear service or was entitled to flight pay. Officers with between 10 and 18 years of service would not be paid the bonus after they are assigned away from ships or directly related

nuclear duty for over 3 years. Officers with 19 to 25 years of service would not be paid the bonus for any time not in direct supervision, operation or maintenance of nuclear plants.

Under this section, new authority is also provided to pay a bonus of up to \$2,400 per year to nuclear-qualified officers who were nuclear-trained enlisted men. The annual bonus would be reduced for days not in direct supervision, operation or maintenance of nuclear plants or days under other nuclear obligated service or days of flight pay entitlement.

This section also provides authority to pay the annual incentive bonus on a pro rata basis for the days in the year during which he becomes no longer eligible for the bonus unless termination of active duty or loss of nuclear qualification was voluntary or due to misconduct.

An annual report to Congress on the effectiveness of the annual incentive bonus is required. The section also defines a "nuclear service year" as between October 1 and September 30.

Current bonus agreements.—Section 4 of the bill would permit officers on a current bonus agreement to exchange that agreement for one under the new provisions provided in the bill.

Effective date.—Section 5 provides that the provisions of the bill will become effective on the first day of the first month after enactment except that the provisions relating to the annual incentive bonus will be effective as of October 1, 1975.

FISCAL DATA

Executive branch estimate

The estimated annual cost of this legislation in fiscal year 1977 is \$4.7 million which is included in the fiscal year 1977 Defense budget.

Congressional Budget Office estimate

The estimate prepared by the Congressional Budget office pursuant to section 403 of the Congressional Budget Act of 1974 follows:

CONGRESS OF THE UNITED STATES,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., June 8, 1976.

HON. JOHN STENNIS,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the enclosed cost estimate revision for H.R. 10451, Nuclear Career Incentive Act of 1975. This revised cost estimate differs from the April 1, 1976 estimate submitted to the Committee on Armed Services of the House due to the change in the assumed date of passage.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

ALICE M. RIVLIN, Director.

Enclosure.

CONGRESSIONAL BUDGET OFFICE

REVISED COST ESTIMATE, JUNE 8, 1976

1. Bill No.: H.R. 10451.
2. Bill title: Nuclear Career Incentive Act of 1975.
3. Purpose of bill: These amendments are designed to achieve the following objectives:

(A) To renew and increase the expired 4-year contract bonus for nuclear Naval officers in order to retain junior and middle grade officers beyond minimum required service.

(B) To increase accession into nuclear service by offering a bonus for officers entering and successfully completing naval nuclear training.

(C) To maintain an adequate inventory of nuclear qualified career officers by offering an annual bonus which would make total pay of all nuclear officers more comparable to and competitive with pay in nuclear private industry.

4. Cost estimate: CBO estimates that the following costs would be associated with the provisions of H.R. 10451:

[In millions of dollars]

	Fiscal year--					
	1976 TQ	1977	1978	1979	1980	1981
Authorization amount.....	3.82	4.70	6.54	7.13	7.53	7.83
Estimated costs.....	3.70	4.68	6.49	7.11	7.52	7.82

5. Basis for estimate: The cost of H.R. 10451 in a given year is the summation of the product of nuclear officers choosing a particular bonus option times the amount of the bonus plus the accession bonus. Nuclear personnel inventories planned for 1977 to 1981 by the Navy were used to estimate bonus costs. These projections showed increased retention at the end of the initial 5-year commitment but decreased retention from year 9 to 10 despite the stated objective of the bill to increase retention of middle grade officers. The apparent decline in retention at the 9-year point in the face of higher pay could be due both to the conservative assumptions about the number choosing the 4-year contract, giving a overly high number at year 9, and to selecting officers out of the nuclear power program at this point. This same selection process could explain the retention levels of officers after year 10, which are projected to show little response to the bonus. In short, this estimate assumes that the bonus incentive is very effective in the under 9-years of service groups and that for the over 9 years of service group, other factors enter into the retention rate calculation. Given the retention assumptions, it is then assumed that the maximum bonus amounts will be chosen by all eligible officers.

It is assumed that this legislation becomes effective prior to July 1, 1976 such that the 4-year nuclear officer continuation bonus contract is in effect for the transition quarter. The payment for the first nuclear career annual bonus for October 1975 through September 30, 1976 is assumed to be expended entirely in the transition quarter. Due to time

limitations the accession bonus is assumed to be almost negligible in fiscal year 1977 and thereafter paid to all finishing students in the maximum amount of \$3,000 per student. (The Navy estimates that at most 10 students would be eligible for the bonus in fiscal year 1977).

After the assumed enactment of this bill, a number of officers will still be on contract under the expired nuclear officer continuation contract. H.R. 10451 provides that these officers be allowed to terminate their old contract and receive the higher annual career bonus amount of \$4,000. It is assumed that these officers terminate their contracts upon enactment and receive the higher amount, including their pro rata share of the yearly bonus in the transition quarter. The amount attributed to those on the old contract are as follows: Transition quarter—\$0.33 million; fiscal year 1977—\$0.82 million; fiscal year 1978—\$0.49 million; fiscal year 1979—\$0.7 million; these amounts have been subtracted from the costs of H.R. 10451 to get the marginal increase due to the new legislation under the assumption that all the affected officers terminate their contracts.

6. Cost comparison: The Department of the Navy, as found in the report to accompany H.R. 10451, (Report No. 94-1039, April 13, 1976, page 13) estimates the costs of H.R. 10451 to be:

Department of the Navy:

Fiscal year:

1976/transition quarter.....	\$4.45
1977.....	4.70
1978.....	6.05
1979.....	6.33
1980.....	6.71

The difference between the Department of Navy fiscal year 1976 transition quarter estimate (\$4.45 million) and the comparable CBO estimate of June 8 for the transition quarter (\$3.82 million) is due primarily to different assumptions about the pro rata share of the old contract paid to those on the old contract who are assumed to decide to switch to the higher, annual bonus. The higher CBO estimate in fiscal year 1978 to fiscal year 1980 is due to the Department of the Navy's assumption that the accession bonus will be paid at 50 percent of the maximum amount, whereas the CBO estimate assumes 100 percent.

[In millions of dollars]

	Fiscal year--						
	1976	Transition quarter	1977	1978	1979	1980	1981
Apr. 1, 1976 CBO estimate:							
Authorization amount.....	0.90	2.92	4.70	6.54	7.13	7.53	7.83
Estimated costs.....	.87	2.86	4.64	6.49	7.11	7.52	7.82
June 8, 1976 CBO estimate:							
Authorization amount.....	0	3.82	4.70	6.54	7.13	7.53	7.83
Estimated costs.....	0	3.70	4.68	6.49	7.11	7.52	7.82

This revision in the estimated costs of H.R. 10451 is due solely to a change in the assumed date of passage of the bill. The earlier estimate on this bill assumed passage prior to June 1, 1976, while this estimate assumes passage prior to June 1, 1976. The result of this change is that those officers who would have taken the contract dur-

ing June of fiscal year 1976 are now assumed to take the contract during the transition quarter. In other words, the costs that would have occurred in fiscal year 1976 are delayed until the transition quarter.

8. Estimate prepared by: Terry Nelson.

9. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

DEPARTMENTAL POSITION

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, D.C., June 6, 1975.

HON. NELSON A. ROCKEFELLER,
President of the Senate
Washington, D.C.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of proposed legislation "To amend title 37, United States Code, relating to special pay for nuclear qualified officers, and for other purposes."

This proposal is a part of the Department of Defense Legislative Program for the 94th Congress. The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress. The Department of the Navy has been designated as the representative of the Department of Defense for this legislation. It is recommended that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of the legislation is to provide a permanent career incentive pay for naval officers trained and qualified for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants. Adoption of a meaningful career incentive pay is necessary to insure the retention of sufficient qualified officer personnel to meet present and future manning requirements of the nuclear powered ships of the Navy. This incentive pay would replace the current temporary expedient of a \$15,000 bonus for junior nuclear qualified officers who contractually agree to remain on active duty for one period of four years beyond completion of the minimum obligated service.

Less than 5 percent of all naval officers on active duty are trained and qualified for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants. The direct operational expertise and benefit of excellent Navy nuclear training which these some 2,500 officers possess make them highly desirable as employment prospects for the greatly expanding civilian nuclear power industry.

During its early years, the Naval Nuclear Propulsion Program was very small and could rely on an adequate annual input of proven career dedicated officer volunteers with some years of previous experience in the conventional submarine or surface forces. The rapid expansion of the program incident to construction of the 41 ship POLARIS fleet resulted in a direct input of relatively large numbers of qualified newly commissioned ensigns into the program and since 1964, this has been the primary source of officer input. It should be noted, however,

that the desired input goals for newly commissioned ensigns have never been met, and the consecutive annual input shortfalls have caused a serious restriction in sea-shore rotation opportunity for nuclear trained officers.

Simultaneously, the retention rate of these "direct-input" ensigns has been totally inadequate to meet the need for experienced officers in the expanding Naval Nuclear Propulsion Program. In July 1969 the Congress acted to grant a necessary Nuclear Submarine Officer Continuation Pay in the form of a \$15,000 bonus for each junior nuclear qualified submarine officer who executed a written contract to remain on active duty beyond minimum obligated service for four years in support of the nuclear submarine service. In October 1972 the Congress again acted to extend the continuation pay concept to junior nuclear qualified officers who served beyond minimum obligated service in support of the aircraft carriers, cruisers, and frigates of the nuclear powered surface fleet. In both cases, the implementation of this special pay program significantly improved the temporary retention of junior nuclear qualified officers through the completion of their department head tour of duty at the ninth or tenth year of commissioned service.

These special continuation pays—in reality short-term officer retention bonuses—were enacted by the Congress as temporary stop-gap measures. The Senate and House Armed Services Committee reports on the original 1969 bill firmly document the rationale that the "bonus" solution to the nuclear officer manning problem in Navy was considered a temporary expedient and enacted as such.

Navy has applied continuing efforts to improve the career attractiveness for nuclear qualified officers, including the temporary promotions to the grade of lieutenant commander for officers serving in the position of engineer officer on nuclear powered ships, reductions in the operating tempo of nuclear powered ships and increased recognition of the contributions of these officers to the operational readiness of the Navy. However, these efforts coupled with the temporary bonus expedient have not retained the required number of officers. Middle grade nuclear qualified officers once retained by the existing special bonus pay are now leaving the naval service at the completion of the agreed-upon four year period, and in unacceptable numbers. Better than 30 percent of the officers who have just completed their bonus obligation at the nine year service point have resigned. In addition, the present bonus and its concomitant four year obligation have become substantially less attractive to junior officers who are just now completing their minimum obligated service; only 27 percent of the most recently eligible officers have opted for the bonus although they have had the opportunity to do so since June of 1974. Civilian nuclear industry offers both the junior and "post bonus" officer an increase in compensation for similar work at a less demanding and non-seagoing pace. For the post bonus officer, the civilian pay alternative is particularly attractive since it makes up a forced reduction in pay caused by loss of bonus payments and a possible concurrent loss of submarine pay. This problem of "post bonus" losses has become serious in view of the expanding need for capable executive officers and commanding officers in the nuclear fleet. The large number of post bonus resignations is undoubtedly reflected back to the junior officers as evidenced by their increasing reluctance to accept the bonus obligation.

Even under the current economic climate, civilian nuclear industry requirements for trained nuclear power managers, engineers, and operators are most significant. A recent survey conducted of all nuclear trained officers who have resigned within the last three years showed that 67 percent are currently employed by civilian nuclear industry with a rising trend to 79 percent nuclear industry employment by resignees in the last year.

A strong secondary reason for new Congressional action is the urgent necessity to improve the accession rate of qualified officers into the nuclear propulsion training program. Consistently inadequate annual input has caused an unreasonable demand to be placed upon the limited number of officers who do volunteer—the feedback from this further limits the annual input. A true and meaningful career incentive pay which compensates for the special demands of the program is vitally needed.

The requirements of the Navy Nuclear Propulsion Program for qualified officers are not unrealistically large—

550 per year to enter nuclear propulsion training (This goal has never been achieved, resulting in a significant increase in the required retention rate among junior officers reaching the end of their obligated service.),

150 per year retained beyond minimum obligated service,

90 per year to become executive officers, and

70 per year to command.

It is therefore proposed that the temporary and sharply focused Nuclear Officer Continuation Pay (\$15,000 bonus) system now be replaced with a meaningful and permanently established Nuclear Career Incentive Pay. The proposed new incentive pay system is structured after the recently enacted Aviation Career Incentive Pay, with minor modifications as necessary for adjustment between dissimilarities in the two career patterns. The rate of pay should be based on length of service as a commissioned officer, but for warrant officers is a flat rate, slightly higher than they had received as proficiency pay while in enlisted status as nuclear propulsion plant operators. These proposed rates of incentive pay will provide the nuclear trained officer the required degree of economic indifference to the salary offers of civilian industry after he completes minimum obligated service and for the remainder of his career. In this regard, officers with six to eight years service experience who have resigned within the last three years have a median salary with nuclear industry of nearly \$20,000 as compared to a regular military compensation for these officers without incentive pay of \$17,950 and with the proposed incentive pay of \$20,890.

Entitlement to the proposed Nuclear Career Incentive Pay would vest only in nuclear trained commissioned and warrant officers who maintain their qualification and technical proficiency for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants or those in nuclear training that directly leads to such qualification under the existing strict ERDA regulations and controls.

The proposed rates of Nuclear Career Incentive Pay are:

Years of service as commissioned officer other than warrant officers:

	<i>Monthly incentive pay</i>
4 or less.....	\$100
Over:	
4.....	150
5.....	245
18.....	225
20.....	205
22.....	185
24.....	165
25.....	0

WARRANT OFFICERS—\$200 PER MONTH

The proposal provides that the career incentive pay would be paid to qualified officers not restricted in the performance of duty without regard to their duty assignment during their first ten years of commissioned service. However, if at the end of, or at any time subsequent to, the tenth year of commissioned service, such an officer has been in an assignment for more than three consecutive years which does not involve the supervision, operation, or maintenance of naval nuclear propulsion plants, his entitlement to the career incentive pay is terminated until such time as he again is assigned to such nuclear duty and maintains his qualifications. The termination provisions would not apply to those nuclear qualified officers assigned to required periods of instruction or required qualifying shipboard tours of duty to prepare for assignment to a position of increased responsibility on a nuclear powered vessel. This provision assures that only officers who serve a significant portion of their career in nuclear powered ships receive this incentive pay on a continuous basis and also assures the individual officer of relative financial stability over his career. Incentive systems that offer higher rates of pay to these officers only while serving in nuclear billets have been considered; however, these systems result in considerable financial instability to the individual officer. Officers ordered ashore to important duties outside of the nuclear power field would face a forced reduction in pay of the same magnitude that the current post bonus officer is experiencing; that abrupt reduction is a major contributor to the 30 percent resignation rate of those officers.

The pay differential over the period of a naval career for nuclear trained officers provided by this incentive pay recognizes the value of these officers to the Navy. The cost of this special pay over the career of each nuclear trained officer retained under this proposal will be substantially less than the cost of training the required junior officers for replacement of the middle grade nuclear trained officer. In addition, in view of the consistent inability to meet the current accession goals, it is unlikely that further increased accessions could be met to make up for decreased middle grade officer retention. The total annual cost of this incentive pay proposal is very modest when compared to the capital investment involved in just one of the more than one hun-

dred nuclear powered ships that are the responsibility of these officers to maintain and operate.

Implementation of the Nuclear Career Incentive Pay should preserve the option for junior officers currently on active duty to alternately elect to receive the Nuclear Officer Continuation Pay (\$15,000 bonus) during the four year period immediately following their completion of minimum obligated service. Although the proposed nuclear incentive pay does provide a higher remuneration over a full career, it represents a short term reduction from the bonus equivalent of \$312.50 per month during this critical four-year period. Accordingly, implementation of the Nuclear Career Incentive Pay proposal without the save-pay alternative would be recognized as a reduction in entitlement for officers just completing minimum obligated service, who have not received Nuclear Career Incentive Pay up to this point.

It is therefore recommended that the Nuclear Officer Continuation Pay enabling legislation (37 U.S.C. 312) be continued until September 30, 1980, to correspond with the new fiscal year ending date at which time all junior nuclear qualified officers reaching end of minimum obligated service will have had full advantage of Nuclear Career Incentive Pay. Without action, this legislative authority expires June 30, 1975.

Legislation creating the Nuclear Career Incentive Pay must stipulate that officers who alternately elect to receive Nuclear Officer Continuation Pay are excluded during the period of their active service agreement.

A member receiving Aviation Career Incentive Pay under section 301a of title 37, United States Code, would be precluded from also receiving Nuclear Career Incentive Pay under this proposal.

COST AND BUDGET DATA

Implementation of this proposed Nuclear Career Incentive Pay would affect about 2,400 commissioned officers and 70 warrant officers. Projected per annum cost of Nuclear Career Incentive Pay over the next five years is shown in the following table:

Fiscal year:	Millions
1976	\$4.9
1977	5.52
1978	5.86
1979	6.43
1980	6.82

The increasing per annum cost is based on two assumptions: accession goals will be achieved over the next five years and the number of officers receiving the continuation pay bonus will decrease. Both of these factors will cause an increase in the number of officers eligible for the career incentive pay. Once inventory stability is achieved in the nuclear trained officer community, the per annum cost of this incentive pay would be 7.5M.

Sincerely yours,

J. WILLIAM MIDDENDORF, II,
Secretary of the Navy.

Enclosure, Draft bill.

A BILL To amend title 37, United States Code, relating to special pay for nuclear qualified officers, and for other purposes

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 "Nuclear Career Incentive Act of 1975".

SEC. 2. Section 312(e) of title 37, United States Code, is amended by striking out "June 30, 1975" and inserting "September 30, 1980" in lieu thereof.

SEC. 3. Chapter 5 of title 37, United States Code, is amended by inserting the following new section after section 312a and a corresponding item for that new section in the chapter analysis:

"§ 312b Incentive pay: nuclear career

"(a) Subject to regulations prescribed by the Secretary of the Navy, an officer of the naval service who is designated as qualified for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants and who maintains this qualification, or is in training that directly leads to such qualification, and who is entitled to basic pay, is entitled to continuous monthly incentive pay in the amount set forth in subsection (b) of this section that is applicable to him: *Provided, That—*

"(1) an officer not restricted in the performance of duty who satisfies the requirements described in this section is entitled to monthly incentive pay as set forth in subsection (b) of this section for the first ten years of his service as a commissioned officer without regard to his duty assignment;

"(2) except as set forth in clause (1) of this subsection, the monthly incentive pay as set forth in subsection (b) of this section terminates if an officer remains in an assignment that does not involve the supervision, operation, or maintenance of nuclear propulsion plants for more than three consecutive years. However, the monthly incentive pay shall be restored when he again is assigned to duty in connection with the supervision, operation, or maintenance of nuclear propulsion plants and maintains his qualifications for such duty; and

"(3) the provisions of clause (2) of this subsection shall not apply to periods of time that a nuclear qualified officer is assigned to required periods of instruction or shipboard tours of duty to prepare for assignment to a position of increased responsibility on a nuclear powered vessel.

"(b) Except as provided in subsection (a)(2) of this section, an officer who satisfies the requirements described in subsection (a) of this section is entitled to monthly incentive pay as follows:

"(1) For an officer in pay grades 0-1 through 0-10 who is qualified under subsection (a) of this section:

Years of service as a commissioned officer other than warrant officer:	Monthly rate
4 or less	\$100
Over:	
4	150
5	245
18	225
20	205
22	185
24 but not over 25	165

“(2) For a warrant officer who is qualified under subsection (a) of this section:

“WARRANT OFFICERS—\$200 PER MONTH

“(c) In time of war, the President may suspend the payment of nuclear career incentive pay.

“(d) An officer who receives aviation career incentive pay under section 301a of this title may not also receive nuclear career incentive pay under this section.”

SEC. 4. Notwithstanding the provisions of this Act, an officer who was entitled or may become entitled to special pay under section 312 of title 37, United States Code, before September 30, 1980, may elect to receive the special pay under section 312 of title 37 or the career incentive pay authorized by this Act; however, an officer who elects to receive the special pay may not receive the nuclear career incentive pay authorized by this Act during the period of his active-service agreement under section 312 of title 37, United States Code.

SEC. 5. A yearly report containing data to monitor the effectiveness of this Act shall be made by the Secretary of the Navy to the Armed Services Committees.

SEC. 6. This Act becomes effective on the first day of the first month after enactment.

DEPARTMENT OF THE NAVY,
OFFICE OF THE CHIEF OF NAVAL OPERATIONS,
Washington, D.C., May 11, 1976.

HON. JOHN C. STENNIS,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: On May 10, 1976, the House passed H.R. 10451, a bill which would provide special pay for nuclear qualified naval officers who man our nuclear powered submarines and surface ships. I consider this legislation to be of the utmost importance to the Nation and the Navy. We are now experiencing severe shortages in this small, highly trained cadre of officers. Retention is unacceptably low and declining. Without the modest investment proposed in H.R. 10451, Navy may well lose a valuable, and irreplaceable, manpower resource.

As you will recall, last June, at Navy's request, you introduced the Nuclear Career Incentive Pay proposal, S. 2114, in the Senate. This legislation was designed to replace the then existing Nuclear Officer Continuation Pay, a four year \$15,000 contractual bonus paid to junior officers completing their initial obligated service. Members of the Senate and House Armed Services Committee staffs carefully studied this proposed legislation. While recognizing that a serious nuclear officer retention problem did exist, doubt was expressed that the permanent monthly pay system proposed in S. 2114 was the most effective and manageable retention incentive. As an alternative, Navy was asked to investigate an annual bonus system which would more sharply focus on critical career retention points and which could be periodically reviewed and, if necessary, renewed by Congress. H.R. 10451, prepared by Navy and introduced in the House last October, incorporated those Senate and House staff suggestions.

This bill provides a superior retention incentive program. It eliminates those problems which we experienced under the former nuclear officer 4 year bonus but retains its strongest elements. It pays the maximum incentive where our retention problems are most severe and it does not pay flag officers at all or any other senior officers not directly involved in the supervision, operation, and maintenance of Naval nuclear propulsion plants. A brief summary of the proposed Nuclear Officer Incentive Pay is enclosed.

In the letter which forwarded the original Navy proposal last June, we reported a developing officer retention problem aboard nuclear powered ships. The special pay which was then in effect, Nuclear Officer Continuation Pay, was no longer retaining adequate numbers of officers. Not only were junior officers less inclined to commit themselves for pay but middle grade officers completing their bonus obligation were leaving the Navy in unprecedented numbers. Attractive salary offers from the expanding civilian nuclear industry and historical accession shortfalls further contributed to this manning decline.

Those trends identified last June have continued through fiscal year 1976. Although we have continued to man each nuclear powered ship with the required number of officers, few officers are available to man essential nuclear ship support billets ashore. Our inventory of nuclear trained officers is 71 percent of that required to sustain a reasonable career balance between duty at sea and duty ashore. In fact, the average nuclear trained officer today spends less than 2 years ashore, between completion of nuclear power training and completion of his assignment as commanding of a nuclear powered submarine, a period of over 16 years. The problem builds on itself. Uninterrupted tours of arduous sea duty in the exacting environment on nuclear powered ships cause resignations to increase, the numbers available for sea duty thus decrease and the uninterrupted years of sea duty get longer.

Navy is pursuing a number of programs to increase long term nuclear qualified officer inventories by increasing accession to the nuclear propulsion program. We have expanded the eligibility base by requiring 80 percent of Naval Academy and 60 percent of NROTC midshipmen to major in science or engineering. In officer recruiting, nuclear power is our highest priority program. In 1975, for the first time, our total nuclear power accession goal was met; primarily due to increased reserve source accessions. I am confident that we can, with these programs and the proposed accession bonus, obtain enough officers to man our expanding nuclear fleet in the next decade.

The purpose of H.R. 10451 is much more immediate. Its primary objective is to prevent further losses from the already depleted ranks of young officers now serving aboard nuclear powered ships by compensating them for the nearly continuous sea duty which they must face. In June of this year over 400 middle grade and junior officers will be eligible to leave the Navy. These officers are watching the progress of H.R. 10451 and many have said that their decision to remain in the Navy will depend on whether or not this bill is passed. Even if only 150 of these officers leave the Navy this summer, we will be just able to meet our shipboard manning requirements but we will not have enough officers to man our required nuclear support billets ashore. I am convinced that the program contained in H.R. 10451 will

stem this resignation tide and enable us to rebuild our nuclear trained officer community. The average annual cost of this program is \$5.7M, which seems a modest and wise investment to ensure the manning of our \$22 billion nuclear fleet. I strongly recommend your prompt and favorable consideration of this bill.

Sincerely,

J. L. HOLLOWAY III.

Attachment.

NUCLEAR OFFICER INCENTIVE PAY

The Nuclear Officer Incentive Pay legislative proposal contains three separate bonus provisions. It consists of an accession bonus of up to \$3,000 paid on successful completion of nuclear power training, a 4 year contractual bonus similar to the previous 4 year bonus but increased in amount to a maximum of \$20,000 and an annual bonus of up to \$4,000 paid at the completion of each fiscal year to officers who have completed their initial obligated service. Each of these bonuses addresses a specific retention problem in the nuclear trained officer community.

The accession bonus is designed to increase regular source officer accessions which would ultimately improve retention. Regular source officers traditional remain in the Navy at three to four times the rate of their reserve source contemporaries.

The \$20,000, 4-year bonus retains the best elements of the old Nuclear Officer Continuation Pay program. This one-time bonus would provide a particularly powerful attraction up to 1 year before an officer completes his initial obligated service and, in addition, would enhance inventory stability of officers during the important nuclear submarine engineer officer tour.

The annual bonus provides a retention incentive for middle grade officers over the balance of their operational career aboard nuclear powered ships as well as providing an alternative system for those junior officers who strongly object to the loss of fate control associated with the 4-year contractual bonus. This bonus directly attacks the post bonus loss problem which we now face.

Taken together, these bonuses provide a level of economic indifference to civilian nuclear industry salary offers and are a relatively inexpensive retention incentive program concentrated at the key points in a nuclear qualified officer's career.

While considering H.R. 10451, House Armed Service Committee members interviewed over 160 nuclear trained officers aboard nuclear powered submarines and surface ships. House members came away from these hearings convinced that a critical retention problem existed and that some special recognition had to be shown these officers. House members concluded that although the primary cause of resignations was continuous sea duty, an increased financial award would make nuclear service sufficiently more attractive to preserve the current inventory eventually increase the population of the nuclear force

and make some shore duty available for all nuclear trained officers. During these hearings nuclear trained officers expressed strong support for the type of bonus system proposed in H.R. 10451.

Projected annual cost of H.R. 10451

Fiscal year:	Millions
1976	\$4.45
1977	4.70
1978	6.05
1979	6.33
1980	6.71

CHANGES IN EXISTING LAW

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law proposed to be made by the bill are shown as follows: New Matter is printed in italic, and existing law in which no change is proposed is shown in roman, and existing law to be omitted is enclosed in black brackets.

TITLE 37, UNITED STATES CODE—PAY AND ALLOWANCES OF THE UNIFORMED SERVICES

* * * * *

CHAPTER 5—SPECIAL AND INCENTIVE PAYS

* * * * *

Sec.

312. Special pay: Nuclear-qualified officers extending period of active service.
 312a. Special pay: Nuclear-trained and qualified enlisted members.
 312b. Special pay: Nuclear career accession bonus.
 312c. Special pay: Nuclear career annual incentive bonus.

§ 312. Special pay: nuclear-qualified officers extending period of active service

(a) Under regulations to be prescribed by the Secretary of the Navy, an officer of the naval service who—

- (1) is entitled to basic pay;
- (2) Repealed. Pub.L. 92-581, § 1(2), Oct. 27, 1972, 86 Stat. 1277.

(3) has the current technical qualification for duty in connection with supervision, operation, and maintenance of naval nuclear propulsion plants;

(4) has not completed ten years of commissioned service; and

(5) executes a written agreement to remain on active duty in connection with supervision, operation, and maintenance of naval nuclear propulsion plants for one period of four years in addition to any other period of obligated active service,

may, upon the acceptance by the Secretary or his designee of the written agreement, in addition to all other compensation to which he is entitled, be paid a sum of money not to exceed **[\$3,750]** \$5,000 for each year of the active-service agreement. The Secretary of the Navy shall determine semiannually the necessity for continuance of the special pay and the rate of special pay per year for such active-service

agreements accepted within each six-month period. Upon acceptance of the agreement by the Secretary or his designee, the total amount payable shall become fixed and shall be paid in four equal yearly installments, commencing at the expiration of the initial obligated service, except, the Secretary or his designee may accept the active-service agreement not more than one year in advance of the expiration of the initial obligated active service and the amount may then be paid in five yearly installments, not to exceed **[\$3,000]** \$4,000 per year, commencing with the date of acceptance of the agreement.

EXISTING LAW

(b) No more than once agreement for each officer shall be accepted under this section.

(c) Pursuant to regulations prescribed by the Secretary of the Navy and subject to such exceptions as may be prescribed in those regulations, refunds, on a pro rata basis, of sums paid pursuant to this section may be required if the officer having received the payment fails to complete the full period of four years of active duty in connection with supervision, operation, and maintenance of naval nuclear propulsion plants which he agreed to serve.

(d) Nothing in this section shall alter or modify the obligation of a regular officer to perform active service at the pleasure of the President. Completion of the additional period of four years' active service under this section shall in no way obligate the President to accept a resignation submitted by a regular officer at the end of the four-year period.

(e) The provisions of this section shall be effective only in the case of officers who, on or before **[June 30, 1975,]** *September 30, 1981* execute the required written agreement to remain in active service.

Added Pub. L. 91-20, § 1(1), June 3, 1969, 83 Stat. 12, and amended Pub. L. 92-581, § 1(1), (2), Oct. 27, 1972, 86 Stat. 1277.

§ 312a. Special pay: nuclear-trained and qualified enlisted members

(a) Under regulations prescribed by the Secretary of Defense, an enlisted member of the naval service who—

(1) is entitled to basic pay;

(2) is currently qualified for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; and

(3) has completed at least six, but not more than ten, years of active duty and executes, when eligible, a reenlistment agreement for not less than two years;

may upon acceptance of the reenlistment agreement by the Secretary of the Navy or his designee, be paid a bonus not to exceed six months of the basic pay to which he was entitled at the time of his discharge or release, multiplied by the number of years or the monthly fractions thereof, of additional obligated service, not to exceed six years, or \$15,000, whichever is the lesser amount.

(b) Bonus payments authorized under this section may be paid in either a lump sum or in installments.

(c) An amount paid to a member under subsection (a) of this section is in addition to all other compensation to which he is entitled and does not count against the limitation prescribed by section 308(c) of this title concerning the total amount of reenlistment bonus that may be paid. However, if he receives payment under this section, he is not entitled to any further payments under section 308(g) of this title.

(d) Under regulations prescribed by the Secretary of the Navy, refunds, on a pro rata basis, of sums paid under subsection (a) of this section may be required, and further payments terminated, if the member who has received the payment fails to complete his reenlistment contract, or fails to maintain his technical qualification for duty in connection with supervision, operation, and maintenance of naval nuclear propulsion plants.

(e) Provisions of this section shall be effective only in the cases of members who, on or before June 30, 1975, execute the required written agreement to remain in active service.

“§ 312b. Special pay: nuclear career accession bonus

(a) Under regulations prescribed by the Secretary of the Navy, an officer of the naval service who—

(1) is entitled to basic pay;

(2) has not completed five years of commissioned service; and

(3) has, as a commissioned officer, received training for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants;

may, upon successful completion of that training, in addition to all other compensation to which he is entitled, be paid a bonus in an amount not to exceed \$3,000.

(b) The Secretary of the Navy shall make an annual report to the House and Senate Armed Services Committees containing data to monitor the effectiveness of the bonus authorized by subsection (a) of this section.

(c) The provisions of this section shall be effective only in the case of officers who, on or before September 30, 1981, have been accepted for training for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants.

“§ 312c. Special pay: nuclear career annual incentive bonus

(a) Under regulations prescribed by the Secretary of the Navy, an officer of the naval service who—

(1) is entitled to basic pay;

(2) is not above the pay grade O-6;

(3) has completed his initial obligated active service as an officer, but has completed less than twenty-six years of commissioned service;

(4) has, as a commissioned officer, successfully completed training for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; and

(5) has the current technical qualifications for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants;

may, in addition to all other compensation to which he is entitled, be paid an annual bonus in an amount not to exceed \$4,000 for each nu-

clear service year beginning after September 30, 1975, and ending before October 1, 1981. In order to be eligible for an annual bonus for any nuclear service year in accordance with this subsection, an otherwise qualified officer must have been on active duty on the last day of that nuclear service year. The amount of the annual bonus to which an officer would otherwise be entitled for a nuclear service year in accordance with this subsection shall be reduced on a pro rata basis for each day of that nuclear service year on which he was not on active duty; was not qualified for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; was performing obligated service as the result of an active-service agreement executed under section 312 of this title; or was entitled to receive aviation career incentive pay in accordance with section 301 of this title: Provided, That—

“(1) in the case of an officer with more than ten, but not more than eighteen, years of commissioned service, the amount of that annual bonus shall be further reduced on a pro rata basis for any other day or days in that nuclear service year which, when added to the immediately preceding days in and before that nuclear service year, total more than three consecutive years in an assignment other than an assignment to duty on a naval vessel; duty with a nuclear ship operational command staff; duty directly involving the training of others leading to their qualification for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; or duty in connection with a nuclear propulsion examining board;

(2) in the case of an officer with more than eighteen, but not more than twenty-five, years of commissioned service, the amount of that annual bonus shall be further reduced on a pro rata basis for any other day or days in that nuclear service year on which he was not in an assignment involving the direct supervision, operation, or maintenance of naval nuclear propulsion plants, except that in the case of an officer who, during that nuclear service year, completed his eighteenth year of commissioned service, the amount of that annual bonus shall not be reduced for any day before the end of that eighteenth year which would have been creditable for determining the amount of the annual bonus at the end of that nuclear service year for an officer with more than ten, but not more than eighteen years of commissioned service; and

(3) in the case of an officer with more than twenty-five, but not more than twenty-six, years of commissioned service, the amount of that annual bonus shall be further reduced on a pro rata basis for any other day or days in that nuclear service year on which he was not in an assignment with duties involving the direct supervision, operation, or maintenance of naval nuclear propulsion plants, and for every day in that nuclear service year after the end of his twenty-fifth year of commissioned service.

(b) Under regulations prescribed by the Secretary of the Navy, an officer of the naval service who—

(1) is entitled to basic pay;

(2) is not above the pay grade O-6;

(3) has, as an enlisted member, received training for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; and

(4) has the current technical qualifications for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants;

may, in addition to all other compensation to which he is entitled, be paid an annual bonus in an amount not to exceed \$2,400 for each nuclear service year beginning after September 30, 1975, and ending before October 1, 1981. In order to be eligible for an annual bonus for any nuclear service year in accordance with this subsection, an otherwise qualified officer must have been on active duty on the last day of that nuclear service year. The amount of the annual bonus to which an officer would otherwise be entitled in accordance with this subsection shall be reduced on a pro rata basis for each day of that nuclear service year on which he was not in an assignment involving the direct supervision, operation, or maintenance of naval nuclear propulsion plants; was performing obligated service as the result of an active service agreement executed under section 312 of this title; or was entitled to receive aviation career incentive pay in accordance with section 301a of this title.

(c) Under regulations prescribed by the Secretary of the Navy, an officer of the naval service who is not on active duty on the last day of a nuclear service year or who, on or before the last day of a nuclear service year, loses his technical qualifications or advances from the pay grade of O-6 to a higher pay grade may be paid a bonus in accordance with subsection (a) or (b) of this section on a pro rata basis, if otherwise qualified, unless termination of active duty or loss of technical qualifications was voluntary or was the result of his own misconduct.

(d) The Secretary of the Navy shall make an annual report to the House and Senate Armed Services Committees containing data to monitor the effectiveness of the bonuses authorized by subsections (a) and (b) of this section.

(e) For the purposes of this section, a ‘nuclear service year’ is the one-year period from October 1, 1975, through September 30, 1976, or any fiscal year beginning after September 30, 1976, and before October 1, 1981.”

* * * * *

○

AMENDING CHAPTER 5, TITLE 37, UNITED STATES CODE, TO EXTEND
THE AUTHORITY FOR SPECIAL PAY FOR NUCLEAR-QUALIFIED OF-
FICERS AND TO EXTEND THE SPECIAL-PAY PROVISIONS FOR VET-
ERINARIANS AND OPTOMETRISTS

NOVEMBER 7, 1975.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. STRATTON, from the Committee on Armed Services,
submitted the following

REPORT

[To accompany S. 2114]

The Committee on Armed Services, to whom was referred the bill (S. 2114) to amend title 37, United States Code, relating to special pay for nuclear qualified officers, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert in lieu thereof the following:

That chapter 5 of title 37, United States Code, is amended as follows:

(1) Section 302a is amended by striking out "July 1, 1975" wherever it appears therein and inserting in place thereof in each instance "October 1, 1977".

(2) Section 303 is amended by striking out "July 1, 1975" wherever it appears therein and inserting in place thereof in each instance "October 1, 1977".

(3) Section 312(e) is amended by striking out "June 30, 1975" and inserting in place thereof "June 30, 1976".

SEC. 2. This Act shall become effective July 1, 1975.

EXPLANATION OF THE AMENDMENT

The amendment strikes all after the enacting clause and inserts as new language the substance of H.R. 7642. Thus the amendment would provide an extension of the authority to pay special pay for nuclear-qualified officers until June 30, 1976, instead of until September 30, 1977, as provided in S. 2114 as passed by the Senate, and would provide authority to pay monthly special pay to optometrists and veterinarians who entered the uniformed services after July 1, 1975.

PURPOSE

The purpose of the bill is to extend until June 30, 1976, the authority to pay special pay to nuclear-qualified officers in the Navy. Previous authority for such special pay expired on June 30, 1975.

The bill also extends the authority to pay \$100 a month special pay to veterinarians and optometrists who entered the uniformed services after July 1, 1975. The authority to pay \$100 a month special pay continues in law for veterinary and optometry officers on active duty prior to July 1, 1975. The authority to provide such special pay to newly appointed officers expired on June 30, 1975. The authority conferred by the present bill to award such monthly special pay to newly appointed officers would extend until October 1, 1977, the beginning of fiscal year 1978.

DISCUSSION

Special pay of \$100 a month has been provided to veterinary officers since 1963 and to optometry officers since 1971. The authority to provide such special pay to newly appointed officers in these health professions expired on June 30 of this year. There likewise expired on June 30, 1975, authority to pay special pay to nuclear-qualified officers in the Navy. This authority had provided for a bonus of up to \$15,000, payable in annual installments of \$3,750 for each year or, in certain cases, installments of \$3,000 per year over five years. The authority provided for no more than one such bonus for each nuclear-qualified officer and required that the officer, to be eligible, should not have completed ten years of commissioned service. The officer was required to sign an active-duty agreement at the beginning of the bonus period to take on an additional obligation of four years of service.

Earlier this year the Department of Defense proposed legislation to extend the special-pay provision for veterinarians and optometrists. The Department also proposed new legislation for incentive pay for nuclear-qualified officers. That legislation would provide for a different system of special pay which would be available to the nuclear-qualified officer during the major portion of his career and is of a complex nature requiring extensive study. The matter is now being reviewed by an Armed Services subcommittee.

The Committee on Armed Services conducted a hearing and concluded that special pay for veterinary and optometry officers should be continued in law. The committee determined that there was a slight shortage of veterinary officers, which reflects a national shortage of veterinarians, and that elimination of the \$100-a-month special pay could lead to an unacceptable shortage of such officers in the Armed Forces. Likewise the committee discovered that there was a shortage of 68 optometry officers in the Department of Defense as of the end of fiscal year 1975 and that while the shortage had not reached a critical level, failure to extend the special-pay provisions could result in unacceptable shortages. At the same time, the committee determined that the special-pay bonus authority for nuclear-qualified officers should be continued in effect to prevent a reduction in the pay available to such officers during the time the Congress considered the new complex pro-

posal and examined into the retention needs for officers in the nuclear elements of the Navy.

Therefore, the Committee on Armed Services, on July 25, 1975, reported H.R. 7642. H.R. 7642 was approved by the House of Representatives, without amendment on October 6, 1975.

Meanwhile, the Senate, on July 26, 1975, approved S. 2114. S. 2114, as approved by the Senate, would have provided a simple extension until September 30, 1977, the end of fiscal year 1977, of the authority which otherwise expired on June 30, 1975, to provide a one-time special-pay bonus for nuclear-qualified officers.

The Committee on Armed Services, after due consideration, has amended S. 2114 to insert in lieu thereof the substance of H.R. 7642.

The committee concurs in the need for extension of the authority for a bonus for nuclear-qualified officers in the Navy so that some authority remains in law to provide special pay until such time as revision is made in the special-pay program for such officers. However, the committee believes that an extension until June 30, 1976, is sufficient to allow adequate time for Congress to consider and make whatever changes it might deem to be appropriate in the special-pay provisions for such officers. In addition, the Committee on Armed Services continues to believe that the extension of the \$100-a-month special pay for newly appointed optometry and veterinary officers is necessary and should be enacted without delay. Because such special pay continues to be paid to those optometry and veterinary officers who were on active duty prior to June 30, 1975, a situation has developed where officers with the same professional qualifications are receiving different levels of pay. The committee believes continuation of this disparity would lead to unacceptable shortages in these professional specialties. The committee has, therefore, combined the special pay for these health professionals with the extension of the bonus authority for nuclear-qualified officers and incorporated them into S. 2114 in the hope that such would speed the enactment of the needed legislation.

DEPARTMENTAL DATA

The extension of special pay to optometry and veterinary officers is part of the legislative program of the Department of Defense as is indicated from the following letter which is hereby made a part of this report:

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., May 28, 1975.

HON. CARL ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKERS There is forwarded herewith a draft of proposed legislation, "To amend chapter 5, title 37, United States Code, to extend the special pay provisions for veterinarians and optometrists."

This proposal is a part of the Department of Defense Legislative Program for the 94th Congress, and the Office of Management and Budget advises that, from the standpoint of the Administration's

program, there is no objection to the presentation of this proposal for the consideration of the Congress. It is recommended that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of the proposed legislation is to extend the \$100 per month special pay provisions for veterinarians and optometrists. The provision would be effective July 1, 1975 which would insure that no officer would suffer a loss in pay. The provisions of special pay for veterinarians and optometrists will terminate June 30, 1975 for newly appointed officers in these corps if this law is not extended. The present special pay entitlement for veterinarians and optometrists should be extended through fiscal year 1977.

VETERINARIANS

Special pay of \$100 per month was first provided for veterinary officers by Public Law 83-84 enacted June 29, 1953. The additional special pay was intended to minimize the differential between the military and civilian veterinarian's income and to provide monetary incentive to attract and retain veterinary officers. The amount of special pay for veterinarians has remained unchanged for 22 years despite the increasing disparity between the annual compensation of veterinarians of the uniformed services and their civilian contemporaries. Current data show that there is a disparity of between \$8,000 and \$10,000 per year in favor of the civilian veterinarian.

The National Research Council reports that there is a national shortage of veterinarians, and by 1980 this shortage will approximate 8,000. The increasing professional opportunities in the civilian sector, coupled with the income disparity, will make it increasingly difficult for the services to continue to attract and retain Doctors of Veterinary Medicine.

A previously projected severe shortage of military veterinarians has been administratively forestalled through a reduction in authorizations. Failure to continue special pay could create an undesired exodus of military veterinarians with concomitant untenable shortages.

OPTOMETRISTS

There is a shortage of military optometry officers at this time. Special pay is one of several factors that help attract and retain optometrists by making the military departments reasonably competitive in the market place for their skills. The Military Departments' authorizations for optometrists total 565. Actual strength as of 31 January 1975 was 485, which is only 86 percent of the authorization.

While the shortage of optometrists has not reached a critical level, it is real. The special pay entitlement helps attract and retain optometrists in the military service. Failure to continue this special pay entitlement through fiscal year 1977 could result in a critical shortage of optometrists within the military departments.

COST AND BUDGET DATA

The enactment of this legislation will result in no increase in budgetary requirements for the Department of Defense.

Sincerely,

MARTIN R. HOFFMAN.

A BILL To amend chapter 5, title 37, United States Code, to extend the special pay provisions for veterinarians and optometrists

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 5 of title 37, United States Code is amended as follows:

(1) Section 302a is amended by striking out "July 1, 1975" wherever it appears therein and inserting in place thereof in each instance "October 1, 1977."

(2) Section 303 is amended by striking out "July 1, 1975" wherever it appears therein and inserting in place thereof in each instance "October 1, 1977."

SEC. 2. This Act shall become effective July 1, 1975.

The need for additional special pay for nuclear-trained naval officers is also supported by the Department of Defense, which has submitted alternate legislation in this area as is indicated by the following letter which is hereby made a part of this report:

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, D.C., June 6, 1975.

HON. CARL ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: There is forwarded herewith a draft of proposed legislation "To amend title 37, United States Code, relating to special pay for nuclear qualified officers, and for other purposes."

This proposal is a part of the Department of Defense Legislation Program for the 94th Congress. The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress. The Department of the Navy has been designated as the representative of the Department of Defense for this legislation. It is recommended that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of the legislation is to provide a permanent career incentive pay for naval officers trained and qualified for duty in connection with the supervision, operation, and maintenance of nuclear propulsion plants. Adoption of a meaningful career incentive pay is necessary to insure the retention of sufficient qualified officer personnel to meet present and future manning requirements of the nuclear powered ships of the Navy. This incentive pay would replace the

current temporary expedient of a \$15,000 bonus for junior nuclear qualified officers who contractually agree to remain on active duty for one period of four years beyond completion of the minimum obligated service.

Less than 5% of all naval officers on active duty are trained and qualified for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants. The direct operational expertise and benefit of excellent Navy nuclear training which these some 2,500 officers possess make them highly desirable as employment prospects for the greatly expanding civilian nuclear power industry.

During its early years, the Naval Nuclear Propulsion Program was very small and could rely on an adequate annual input of proven career dedicated officer volunteers with some years of previous experience in the conventional submarine or surface forces. The rapid expansion of the program incident to construction of the 41 ship POLARIS fleet resulted in a direct input of relatively large numbers of qualified newly commissioned ensigns into the program and since 1964, this has been the primary source of officer input. It should be noted, however, that the desired input goal for newly commissioned ensigns have never been met, and the consecutive annual input shortfalls have caused a serious restriction in sea-shore rotation opportunity for nuclear trained officers.

Simultaneously, the retention rate of these "direct-input" ensigns has been totally inadequate to meet the need for experienced officers in the expanding Naval Nuclear Propulsion Program. In July 1969 the Congress acted to grant a necessary Nuclear Submarine Officer Continuation Pay in the form of a \$15,000 bonus for each junior nuclear qualified submarine officer who executed a written contract to remain on active duty beyond minimum obligated service for four years in support of the nuclear submarine service. In October 1972 the Congress again acted to extend the continuation pay concept to junior nuclear qualified officers who served beyond minimum obligated service in support of the aircraft carriers, cruisers, and frigates of the nuclear powered surface fleet. In both cases, the implementation of this special pay program significantly improved the temporary retention of junior nuclear qualified officers through the completion of their department head tour of duty at the ninth or tenth year of commissioned service.

These special continuation pays—in reality short-term officer retention bonuses—were enacted by the Congress as temporary stop-gap measures. The Senate and House Armed Services Committee reports on the original 1969 bill firmly document the rationale that the "bonus" solution to the nuclear officer manning problem in Navy was considered a temporary expedient and enacted as such.

Navy has applied continuing efforts to improve the career attractiveness for nuclear qualified officers, including the temporary promotions to the grade of lieutenant commander for officers serving in the position of engineer officer on nuclear powered ships, reductions in the operating tempo of nuclear powered ships and increased recognition of the contributions of these officers to the operational readiness of the Navy. However, these efforts coupled with the temporary bonus expedient have not retained the required number of officers. Middle

grade nuclear qualified officers once retained by the existing special bonus pay are now leaving the naval service at the completion of the agreed-upon four year period, and in unacceptable numbers. Better than 30% of the officers who have just completed their bonus obligation at the nine year service point have resigned. In addition, the present bonus and its concomitant four year obligation have become substantially less attractive to junior officers who are just now completing their minimum obligated service; only 27% of the most recently eligible officers have opted for the bonus although they have had the opportunity to do so since June of 1974. Civilian nuclear industry offers both the junior and "post bonus" officer an increase in compensation for similar work at a less demanding and non-seagoing pace. For the post bonus officer, the civilian pay alternative is particularly attractive since it makes up a forced reduction in pay caused by loss of bonus payments and a possible concurrent loss of submarine pay. This problem of "post bonus" losses has become serious in view of the expanding need for capable executive officers and commanding officers in the nuclear fleet. The large number of post bonus resignations is undoubtedly reflected back to the junior officers as evidenced by their increasing reluctance to accept the bonus obligation.

Even under the current economic climate, civilian nuclear industry requirements for trained nuclear power managers, engineers, and operators are most significant. A recent survey conducted of all nuclear trained officers who have resigned within the last three years showed that 67% are currently employed by civilian nuclear industry with a rising trend to 79% nuclear industry employment by resignees in the last year.

A strong secondary reason for new Congressional action is the urgent necessity to improve the accession rate of qualified officers into the nuclear propulsion training program. Consistently inadequate annual input has caused an unreasonable demand to be placed upon the limited number of officers who do volunteer—the feedback from this further limits the annual input. A true and meaningful career incentive pay which compensates for the special demands of the program is vitally needed.

The requirements of the Navy Nuclear Propulsion Program for qualified officers are not unrealistically large—

550 per year to enter nuclear propulsion training (This goal has never been achieved, resulting in a significant increase in the required retention rate among junior officers reaching the end of their obligated service.),

150 per year retained beyond minimum obligated service,

90 per year to become executive officers, and

70 per year to command.

It is therefore proposed that the temporary and sharply focused Nuclear Officer Continuation Pay (\$15,000 bonus) system now be replaced with a meaningful and permanently established Nuclear Career Incentive Pay. The proposed new incentive pay system is structured after the recently enacted Aviation Career Incentive Pay, with minor modifications as necessary for adjustment between dissimilarities in the two career patterns. The rate of pay should be based on

length of service as a commissioned officer, but for warrant officers is a flat rate, slightly higher than they had received as proficiency pay while in enlisted status as nuclear propulsion plant operators. These proposed rates of incentive pay will provide the nuclear trained officer the required degree of economic indifference to the salary offers of civilian industry after he completes minimum obligated service and for the remainder of his career. In this regard, officers with six to eight years service experience who have resigned within the last three years have a median salary with nuclear industry of nearly \$20,000 as compared to a regular military compensation for these officers without incentive pay of \$17,950 and with the proposed incentive pay of \$20,890.

Entitlement to the proposed Nuclear Career Incentive Pay would vest only in nuclear trained commissioned and warrant officers who maintain their qualification and technical proficiency for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants or those in nuclear training that directly leads to such qualification under the existing strict ERDA regulations and controls.

The proposed rates of Nuclear Career Incentive Pay are:

Monthly Incentive pay:	Years of service as commissioned officer other than warrant officers
\$100	4 or less.
150	over 4.
245	over 5.
225	over 18.
205	over 20.
185	over 22.
165	over 24.
0	over 25.

WARRANT OFFICERS—\$200 PER MONTH

The proposal provides that the career incentive pay would be paid to qualified officers not restricted in the performance of duty without regard to their duty assignment during their first ten years of commissioned service. However, if at the end of, or at any time subsequent to, the tenth year of commissioned service, such an officer has been in an assignment for more than three consecutive years which does not involve the supervision, operation, or maintenance of naval nuclear propulsion plants, his entitlement to the career incentive pay is terminated until such time as he again is assigned to such nuclear duty and maintains his qualifications. The termination provisions would not apply to those nuclear qualified officers assigned to require periods of instruction or required qualifying shipboard tours of duty to prepare for assignment to a position of increased responsibility on a nuclear powered vessel. This provision assures that only officers who serve a significant portion of their career in nuclear powered ships receive this incentive pay on a continuous basis and also assures the individual officer of relative financial stability over his career. Incentive systems that offer higher rates of pay to these officers only while serving in nuclear billets have been considered; however, these systems result in considerable financial instability to the individual officer. Officers ordered ashore to important duties outside of the nuclear power field would

face a forced reduction in pay of the same magnitude that the current post bonus officer is experiencing; that abrupt reduction is a major contributor to the 30% resignation rate of those officers.

The pay differential over the period of a naval career for nuclear trained officers provided by this incentive pay recognizes the value of these officers to the Navy. The cost of this special pay over the career of each nuclear trained officer retained under this proposal will be substantially less than the cost of training the required junior officers for replacement of the middle grade nuclear trained officer. In addition, in view of the consistent inability to meet the current accession goals, it is unlikely that further increased accessions could be met to make up for decreased middle grade officer retention. The total annual cost of this incentive pay proposal is very modest when compared to the capital investment involved in just one of the more than one hundred nuclear powered ships that are the responsibility of these officers to maintain and operate.

Implementation of the Nuclear Career Incentive Pay should preserve the option for junior officers currently on active duty to alternately elect to receive the Nuclear Officer Continuation Pay (\$15,000 bonus) during the four year period immediately following their completion of minimum obligated service. Although the proposed nuclear incentive pay does provide a higher remuneration over a full career, it represents a short term reduction from the bonus equivalent of \$312.50 per month during this critical four-year period. Accordingly, implementation of the Nuclear Career Incentive Pay proposal without the save-pay alternative would be recognized as a reduction in entitlement for officers just completing minimum obligated service, who have not received Nuclear Career Incentive Pay up to this point.

It is therefore recommended that the Nuclear Officer Continuation Pay enabling legislation (37 U.S.C. 312) be continued until September 30, 1980, to correspond with the new fiscal year ending date at which time all junior nuclear qualified officers reaching end of minimum obligated service will have had full advantage of Nuclear Career Incentive Pay. Without action, this legislative authority expires June 30, 1975.

Legislation creating the Nuclear Career Incentive Pay must stipulate that officers who alternately elect to receive Nuclear Officer Continuation Pay are excluded during the period of their active service agreement.

A member receiving Aviation Career Incentive Pay under section 301a of title 37, United States Code, would be precluded from also receiving Nuclear Career Incentive Pay under this proposal.

COST AND BUDGET DATA

Implementation of this proposed Nuclear Career Incentive Pay would affect about 2,400 commissioned officers and 70 warrant officers. Projected per annum cost of Nuclear Career Incentive Pay over the next five years is shown in the following table:

Fiscal year:	Thousands
1976	4.9
1977	5.52
1978	5.86
1979	6.43
1980	6.82

The increasing per annum cost is based on two assumptions: accession goals will be achieved over the next five years and the number of officers receiving the continuation pay bonus will decrease. Both of these factors will cause an increase in the number of officers eligible for the career incentive pay. Once inventory stability is achieved in the nuclear trained officer community, the per annum cost of this incentive pay would be 7.5M.

Sincerely yours,

J. WILLIAM MIDDENDORF II,
Secretary of the Navy.

Enclosure: Draft bill.

A BILL To amend title 37, United States Code, relating to special pay for nuclear qualified officers, and for other purposes

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 "Nuclear Career Incentive Act of 1975".

SEC. 2. Section 312(e) of title 37, United States Code, is amended by striking out "June 30, 1975" and inserting "September 30, 1980" in lieu thereof.

SEC. 3. Chapter 5 of title 37, United States Code, is amended by inserting the following new section after section 312a and a corresponding item for that new section in the chapter analysis:

§ 312b *Incentive pay: nuclear career*

"(a) Subject to regulations prescribed by the Secretary of the Navy, an officer of the naval service who is designated as qualified for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants and who maintains this qualification, or is in training that directly leads to such qualification, and who is entitled to basic pay, is entitled to continuous monthly incentive pay in the amount set forth in subsection (b) of this section that is applicable to him: *Provided, That—*

"(1) an officer not restricted in the performance of duty who satisfies the requirements described in this section is entitled to monthly incentive pay as set forth in subsection (b) of this section for the first ten years of his service as a commissioned officer without regard to his duty assignment;

"(2) except as set forth in clause (1) of this subsection, the monthly incentive pay as set forth in subsection (b) of this section terminates if an officer remains in an assignment that does not involve the supervision, operation, or maintenance of nuclear propulsion plants for more than three consecutive years. However, the monthly incentive pay shall be restored when he again is assigned to duty in connection with the supervision, operation, or maintenance of nuclear propulsion plants and maintains his qualifications for such duty; and

"(3) the provisions of clause (2) of this subsection shall not apply to periods of time that a nuclear qualified officer is assigned to required periods of instruction or shipboard tours of duty to prepare for assignment to a position of increased responsibility on a nuclear powered vessel.

"(b) Except as provided in subsection (a) (2) of this section, an officer who satisfies the requirements described in subsection (a) of this section is entitled to monthly incentive pay as follows:

"(1) For an officer in pay grades 0-1 through 0-10 who is qualified under subsection (a) of this section:

Monthly rate	Years of service as a commissioned officer other than warrant officer
\$100	4 or less.
\$150	Over 4.
\$245	Over 5.
\$225	Over 18.
\$205	Over 20.
\$185	Over 22.
\$165	Over 24 but not over 25.

"(2) For a warrant officer who is qualified under subsection (a) of this section:

WARRANT OFFICERS—\$200 PER MONTH

"(c) In time of war, the President may suspend the payment of nuclear career incentive pay.

"(d) An officer who receives aviation career incentive pay under section 301a of this title may not also receive nuclear career incentive pay under this section."

SEC. 4. Notwithstanding the provisions of this Act, an officer who was entitled or may become entitled to special pay under section 312 of title 37, United States Code, before September 30, 1980, may elect to receive the special pay under section 312 of title 37 or the career incentive pay authorized by this Act; however, an officer who elects to receive the special pay may not receive the nuclear career incentive pay authorized by this Act during the period of his active-service agreement under section 312 of title 37, United States Code,

SEC. 5. A yearly report containing data to monitor the effectiveness of this Act shall be made by the Secretary of the Navy to the Armed Services Committees.

SEC. 6. This Act becomes effective on the first day of the first month after enactment.

COMMITTEE POSITION

The Committee on Armed Services, on November 4, 1975, a quorum being present, approved S. 2114, as amended, by voice vote.

The amendment to the bill was approved in committee by a vote of 20 to 15.

FISCAL DATA

The enactment of this legislation is a continuation of special-pay authorities that were in law in fiscal year 1975, and it is the estimate of the Department of Defense that such will result in no increase in the budgetary requirements for the Department of Defense.

The Department of Defense estimates that approximately \$1.2 million will be required in fiscal year 1976 in bonus payments to nuclear-qualified officers who had previously signed active-duty agreements. The additional cost generated by this bill will depend on the number of new active-duty agreements entered into by nuclear-qualified officers during fiscal year 1976. For reasons of comparison, it is noted that in fiscal year 1975, bonus payments as a result of new agreements by nuclear-qualified officers totaled \$331,000.

The cost of special pay for veterinarians and optometrists who entered active duty after July 1, 1975, is estimated at approximately \$175,000 for fiscal year 1976.

COMPLIANCE WITH CLAUSE 2 (1) (3) (C) OF RULE XI OF THE RULES
OF THE HOUSE OF REPRESENTATIVES

With reference to clause 2(1)(3)(C) of rule XI of the Rules of the House of Representatives, the Committee on Armed Services has not received an estimate and comparison by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act.

INFLATION-IMPACT STATEMENT

Because, as is indicated above, there will be no increase in the budgetary requirements of the Department of Defense as a result of the enactment of this legislation, the committee does not consider that the bill contains an inflation factor. It is the belief of the committee that the legislation will not have a significant effect on the national economy.

OVERSIGHT FINDINGS

With reference to clause 2(1)(3)(D) of rule XI of the Rules of the House of Representatives, the committee has not received a report from the Committee on Government Operations pertaining to this subject matter.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the rules of the House of Representatives, there is herewith printed in parallel columns the text of existing law which would be repealed or amended by the various provisions of the bill as reported.

EXISTING LAW

TITLE 37, UNITED STATES CODE

CHAPTER 5—SPECIAL AND INCENTIVE PAYS

- 301. Incentive pay : hazardous duty.
- 302. Special pay : physicians and dentists.
- 302a. Special pay : optometrists.
- 303. Special pay : veterinarians.
- 304. Special pay : diving duty.
- 305. Special pay : white on sea duty or duty at certain places.
- 306. Special pay : officers holding positions of unusual responsibility and of critical nature.
- 307. Special pay : proficiency pay for enlisted members.
- 308. Special pay : reenlistment bonus.
- 308a. Special pay : enlistment bonus.
- 309. Reserves : members of National Guard : additional pay for performance of administrative duty.
- 310. Special pay : duty subject to hostile fire.
- 311. Special pay : continuation pay for physicians and dentists who extend their service on active duty.
- 312. Special pay : nuclear-qualified officers extending period of active service.
- 312a. Special pay : nuclear-trained and qualified enlisted members.

THE BILL AS REPORTED

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 5 of title 37, United States Code, is amended as follows:

§ 302a. Special pay: optometrists

(a) In addition to any other basic pay, special pay, incentive pay, or allowances to which he is entitled, each of the following officers is entitled to special pay at the rate of \$100 a month for each month of active duty:

(1) a commissioned officer—

(A) of the Regular Army or the Regular Navy who is designated as an optometry officer;

(B) of the Regular Air Force who is designated as an optometry officer; or

(C) who is an optometry officer of the Regular Corps of the Public Health Service; who was on active duty on the effective date of this section; who retired before that date and was ordered to active duty after that date and before July 1, 1975; or who was designated as such an officer after the effective date of this section and before July 1, 1975;

(2) a commissioned officer—

(A) of a reserve component of the Army or Navy who is designated as an optometry officer;

(B) of a reserve component of the Air Force who is designated as an optometry officer; or

(C) who is an optometry officer of the Reserve Corps of the Public Health Service; who was on active duty on the effective date of this section as a result of a call or order to active duty for a period of at least one year; or who, after that date and before July 1, 1975, is called or ordered to active duty for such a period; and

(3) a general officer of the Army or the Air Force appointed, from any of the categories named in clause (1) or (2), in the Army, the Air Force, or the National Guard, as the case may be, who was on active duty on the effective date of this section; who was retired before that date and was ordered to active duty after that date and before July 1, 1975; or who, after the effective date of this section, was appointed from any of those categories.

(b) The amount set forth in subsection (a) of this section may not be included in computing the amount of an increase in pay authorized by any other provision of this title or in computing retired pay or severance pay.

§ 303. Special pay: veterinarians

(a) In addition to any other basic pay, special pay, incentive pay or allowances to which he is entitled, each of the following officers is entitled to special pay at the rate of \$100 a month for each month of active duty:

(1) a commissioned officer—

(A) of the Regular Army who is in the Veterinary Corps;

(B) of the Regular Air Force who is designated as a veterinary officer; or

(C) who is a veterinary officer of the Regular Corps of the Public Health Service; who was on active duty on June 29, 1953; who retired before that date and was ordered to active duty after that date and before July 1, 1975; or who was appointed or designated as such an officer after June 29, 1953, and before July 1, 1975;

(1) Section 302a is amended by striking out "July 1, 1975" wherever it appears therein and inserting in place thereof in each instance "October 1, 1977".

(2) Section 303 is amended by striking out "July 1, 1975" wherever it appears therein and inserting in place thereof in each instance "October 17, 1977".

(2) a commissioned officer—

(A) of a reserve component of the Army who is in the Veterinary Corps of the Army;

(B) of a reserve component of the Air Force, of the Army or the Air Force without specification of component, or of the National Guard, who is designated as a veterinary officer of the Army or the Air Force, as the case may be; or

(C) who is a veterinary officer of the Reserve Corps of the Public Health Service;

who was on active duty on June 29, 1953, as a result of a call or order to active duty for a period of at least one year; or who, after that date and before July 1, 1975, was called or ordered to active duty for such period; and

(3) a general officer of the Army or the Air Force appointed, from any of the categories named in clause (1) or (2) of this subsection, in the Army, the Air Force, or the National Guard, as the case may be, who was on active duty on June 29, 1953: who was retired before that date and was ordered to active duty after that date and before July 1, 1975; or who after June 29, 1953, was appointed from one of those categories.

(b) The amount set forth in subsection (a) of this section may not be included in computing the amount of an increase in pay authorized by any other provision of this title or in computing retired pay or severance pay.

§ 312. Special pay: nuclear-qualified officers extending period of active duty

(a) Under regulations to be prescribed by the Secretary of the Navy, an officer of the naval service who—

(1) is entitled to basic pay;

(2) [Repealed.]

(3) has the current technical qualification for duty in connection with supervision, operation, and maintenance of naval nuclear propulsion plants;

(4) has not completed ten years of commissioned service; and

(5) executes a written agreement to remain on active duty in connection with supervision, operation, and maintenance of naval nuclear propulsion plants for one period of four years in addition to any other period of obligated active service;

may, upon the acceptance by the Secretary or his designee of the written agreement, in addition to all other compensation to which he is entitled, be paid a sum of money not to exceed \$3,750 for each year of the active-service agreement. The Secretary of the Navy shall determine semi-annually the necessity for continuance of the special pay and the rate of special pay per year for such active-service agreements accepted within each six-month period. Upon acceptance of the agreement by the Secretary or his designee, the total amount payable shall become fixed and shall be paid in four equal yearly installments, commencing at the expiration of the initial obligated service; except, the Secretary or his designee may accept the active-service agreement not more than one year in advance of the expiration of the initial obligated active service and the

(3) Section 312(e) is amended by striking out "June 30, 1975" and inserting in place thereof "June 30, 1976."

amount may then be paid in five yearly installments, not to exceed \$3,000 per year, commencing with the date of acceptance of the agreement.

(b) No more than one agreement for each officer shall be accepted under this section.

(c) Pursuant to regulations prescribed by the Secretary of the Navy and subject to such exceptions as may be prescribed in those regulations, refunds, on a pro rata basis, of sums paid pursuant to this section may be required if the officer having received the payment fails to complete the full period of four years of active duty in connection with supervision, operation, and maintenance of naval nuclear propulsion plants which he agreed to serve.

(d) Nothing in this section shall alter or modify the obligation of a regular officer to perform active service at the pleasure of the President. Completion of the additional period of four years' active service under this section shall in no way obligate the President to accept a resignation submitted by a regular officer at the end of the four year period.

(e) The provisions of this section shall be effective only in the case of officers who, on or before June 30, 1975, execute the required written agreement to remain in active service.

SEC. 2. This Act shall become effective July 1, 1975.

SUMMARY

PURPOSE

The purpose of the bill is to extend until June 30, 1976, the authority to pay special pay to nuclear-qualified officers in the Navy and to extend until October 1, 1977, the authority to provide special pay of \$100 a month to newly appointed veterinary and optometry officers in the uniformed services.

FISCAL DATA

There will be no increase in the budgetary requirements of the Department of Defense as a result of enactment of this legislation.

DEPARTMENTAL DATA

The Department of Defense favors the enactment of S. 2114.

COMMITTEE POSITION

The Committee on Armed Services, on November 4, 1975, a quorum being present, approved S. 2114, as amended, by voice vote.

○

EXTENSION OF AUTHORITY FOR SPECIAL PAY FOR
NUCLEAR-QUALIFIED NAVAL OFFICERS

JULY 24 (legislative day, JULY 21), 1975.—Ordered to be printed

Mr. NUNN, from the Committee on Armed Services,
submitted the following

REPORT

[To accompany S. 2114]

The Committee on Armed Services, to which was referred the bill (S. 2114) to amend title 37, United States Code, relating to special pay for nuclear qualified officers, and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill as amended do pass.

NATURE OF THE SENATE COMMITTEE AMENDMENT

S. 2114, as recommended by the Defense Department and referred to this committee, would have extended the current special pay authority for nuclear-trained naval officers until September 30, 1980, and would have instituted a new and permanent system of nuclear career incentive pay similar to the incentive pay now authorized for aviators.

The Senate committee amendment provides for a simple extension of current authority for special pay for nuclear-trained naval officers until September 30, 1977, the end of fiscal year 1977.

PURPOSE OF LEGISLATION

Authority for special pay for nuclear-trained naval officers expired on June 30, 1975. This authority provides for one payment of \$15,000 to each naval officer qualified for duty in connection with the supervision, operation and maintenance of naval nuclear propulsion plants who, prior to completion of 10 years of active service, agrees to remain

on active duty for 4 years in addition to any other period of obligated active service.

The legislative proposal recommended by the Defense Department was not received by the Senate until June 9, 1975. This allowed inadequate time for the committee to fully consider this proposal. However, the naval officers who are affected by this legislation perform some of the most vital and important jobs in the entire Defense Department. These jobs are involved with the operation of our ballistic missile submarines, our nuclear attack submarines and the nuclear surface ship fleet. The committee does not believe pay for these personnel should be held up while new pay proposals are considered.

The Defense Department proposed legislation would have created an entirely new system of incentive pay for these officers. Preliminary investigation revealed little evidence that the proposed system would insure the retention of sufficient nuclear-qualified officers. In addition, the proposed system would have institutionalized a permanent system of general incentive pay, rather than the more flexible and controllable system of special pay aimed at specific problems. It is not clear how this proposed system would relate to the overall review of military pay now underway in the Defense Department. In light of these considerations, the committee recommends a 2-year extension of the current pay system while other approaches are developed and considered.

PRIOR LEGISLATION ON SPECIAL PAY FOR NAVY NUCLEAR TRAINED OFFICERS

During 1963-64, the officer input to naval nuclear propulsion training was more than doubled due to rapid expansion of the nuclear submarine fleet. In 1969, many of these officers, having reached the end of their minimum obligated service, chose to leave active duty service. The Navy found the remaining officers insufficient in number to man certain nuclear department head positions on submarines.

To slow the loss of nuclear officers, in 1969 Congress enacted Public Law 91-20 authorizing Nuclear Submarine Officer Continuation Pay. This pay was a \$15,000 bonus over one 4-year commitment which could begin after the initial service obligation and before completing 10 years of commissioned service. Authority for this program was to expire in 1973.

This bonus pay succeeded in slowing the resignation rate for nuclear submarine officers. In Public Law 92-581 in 1972, Congress extended the authority to grant the bonus to submarine nuclear officers until June 30, 1975. This law also expanded the nuclear officer bonus to the surface nuclear fleet. The authority to grant this bonus to officers not currently receiving it expired June 30, 1975.

FISCAL DATA

Funds for the special pay authorized by this bill are included in the fiscal year 1976 budget. The Department of Defense estimates that \$1.7 million is included for this purpose.

DEPARTMENTAL REPORT

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, D.C., June 6, 1975.

HON. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of proposed legislation to amend title 37, United States Code, relating to special pay for nuclear qualified officers, and for other purposes.

This proposal is a part of the Department of Defense Legislative Program for the 94th Congress. The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress. The Department of the Navy has been designated as the representative of the Department of Defense for this legislation. It is recommended that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of the legislation is to provide a permanent career incentive pay for naval officers trained and qualified for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants. Adoption of a meaningful career incentive pay is necessary to insure the retention of sufficient qualified officer personnel to meet present and future manning requirements of the nuclear powered ships of the Navy. This incentive pay would replace the current temporary expedient of a \$15,000 bonus for junior nuclear qualified officers who contractually agree to remain on active duty for one period of four years beyond completion of the minimum obligated service.

Less than 5 percent of all naval officers on active duty are trained and qualified for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants. The direct operational expertise and benefit of excellent Navy nuclear training which these some 2,500 officers possess make them highly desirable as employment prospects for the greatly expanding civilian nuclear power industry.

During its early years, the Naval Nuclear Propulsion Program was very small and could rely on an adequate annual input of proven career dedicated officer volunteers with some years of previous experience in the conventional submarine or surface forces. The rapid expansion of the program incident to construction of the 41 ship Polaris fleet resulted in a direct input of relatively large numbers of qualified newly commissioned ensigns into the program and since 1964, this has been the primary source of officer input. It should be noted, however, that the desired input goals for newly commissioned ensigns have never been met, and the consecutive annual input shortfalls have caused a serious restriction in sea-shore rotation opportunity for nuclear trained officers.

Simultaneously, the retention rate of these "direct-input" ensigns has been totally inadequate to meet the need for experienced officers in the expanding Naval Nuclear Propulsion Program. In July 1969 the Congress acted to grant a necessary Nuclear Submarine Officer Continuation Pay in the form of a \$15,000 bonus for each junior nuclear qualified submarine officer who executed a written contract to remain on active duty beyond minimum obligated service for four years in support of the nuclear submarine service. In October 1972 the Congress again acted to extend the continuation pay concept to junior nuclear qualified officers who served beyond minimum obligated service in support of the aircraft carriers, cruisers, and frigates of the nuclear powered surface fleet. In both cases, the implementation of this special pay program significantly improved the temporary retention of junior nuclear qualified officers through the completion of their department head tour of duty at the ninth or tenth year of commissioned service.

These special continuation pays—in reality short-term officer retention bonuses—were enacted by the Congress as temporary stop-gap measures. The Senate and House Armed Services Committee reports on the original 1969 bill firmly document the rationale that the "bonus" solution to the nuclear officer manning problem in Navy was considered a temporary expedient and enacted as such.

Navy has applied continuing efforts to improve the career attractiveness for nuclear qualified officers, including the temporary promotions to the grade of lieutenant commander for officers serving in the position of engineer officer on nuclear powered ships, reductions in the operating tempo of nuclear powered ships and increased recognition of the contributions of these officers to the operational readiness of the Navy. However, these efforts coupled with the temporary bonus expedient have not retained the required number of officers. Middle grade nuclear qualified officers once retained by the existing special bonus pay are now leaving the naval service at the completion of the agreed-upon four year period, and in unacceptable numbers. Better than 30 percent of the officers who have just completed their bonus obligation at the nine year service point have resigned. In addition, the present bonus and its concomitant four year obligation have become substantially less attractive to junior officers who are just now completing their minimum obligated service; only 27 percent of the most recently eligible officers have opted for the bonus although they have had the opportunity to do so since June of 1974. Civilian nuclear industry offers both the junior and "post bonus" officer an increase in compensation for similar work at a less demanding and non-seagoing pace. For the post bonus officer, the civilian pay alternative is particularly attractive since it makes up a forced reduction in pay caused by loss of bonus payments and a possible concurrent loss of submarine pay. This problem of "post bonus" losses has become serious in view of the expanding need for capable executive officers and commanding officers in the nuclear fleet. The large number of post bonus resignations is undoubtedly reflected back to the junior officers as evidenced by their increasing reluctance to accept the bonus obligation.

Even under the current economic climate, civilian nuclear industry requirements for trained nuclear power managers, engineers, and operators are most significant. A recent survey conducted of all nuclear trained officers who have resigned within the last three years showed that 67 percent are currently employed by civilian nuclear industry

with a rising trend to 79 percent nuclear industry employment by resignees in the last year.

A strong secondary reason for new Congressional action is the urgent necessity to improve the accession rate of qualified officers into the nuclear propulsion training program. Consistently inadequate annual input has caused an unreasonable demand to be placed upon the limited number of officers who do volunteer—the feedback from this further limits the annual input. A true and meaningful career incentive pay which compensates for the special demands of the program is vitally needed.

The requirements of the Navy Nuclear Propulsion Program for qualified officers are not unrealistically large—

550 per year to enter nuclear propulsion training (This goal has never been achieved, resulting in a significant increase in the required retention rate among junior officers reaching the end of their obligated service.),

150 per year retained beyond minimum obligated service,

90 per year to become executive officers, and

70 per year to command.

It is therefore proposed that the temporary and sharply focused Nuclear Officer Continuation Pay (\$15,000 bonus) system now be replaced with a meaningful and permanently established Nuclear Career Incentive Pay. The proposed new incentive pay system is structured after the recently enacted Aviation Career Incentive Pay, with minor modifications as necessary for adjustment between dissimilarities in the two career patterns. The rate of pay should be based on length of service as a commissioned officer, but for warrant officers is a flat rate, slightly higher than they had received as proficiency pay while in enlisted status as nuclear propulsion plant operators. These proposed rates of incentive pay will provide the nuclear trained officer the required degree of economic indifference to the salary offers of civilian industry after he completes minimum obligated service and for the remainder of his career. In this regard, officers with six to eight years service experience who have resigned within the last three years have a median salary with nuclear industry of nearly \$20,000 as compared to a regular military compensation for these officers without incentive pay of \$17,950 and with the proposed incentive pay of \$20,890.

Entitlement to the proposed Nuclear Career Incentive Pay would vest only in nuclear trained commissioned and warrant officers who maintain their qualification and technical proficiency for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants or those in nuclear training that directly leads to such qualification under the existing strict ERDA regulations and controls.

The proposed rates of Nuclear Career Incentive Pay are:

Years of service as commissioned officer other than warrant officers:	Monthly incentive pay
4 or less	\$100
Over 4	150
Over 5	245
Over 18	225
Over 20	205
Over 22	185
Over 24	165
Over 25	0
Warrant officers	200

The proposal provides that the career incentive pay would be paid to qualified officers not restricted in the performance of duty without regard to their duty assignment during their first ten years of commissioned service. However, if at the end of, or at any time subsequent to, the tenth year of commissioned service, such an officer has been in an assignment for more than three consecutive years which does not involve the supervision, operation, or maintenance of naval nuclear propulsion plants, his entitlement to the career incentive pay is terminated until such time as he again is assigned to such nuclear duty and maintains his qualifications. The termination provisions would not apply to those nuclear qualified officers assigned to required periods of instruction or required qualifying shipboard tours of duty to prepare for assignment to a position of increased responsibility on a nuclear powered vessel. This provision assures that only officers who serve a significant portion of their career in nuclear powered ships receive this incentive pay on a continuous basis and also assures the individual officer of relative financial stability over his career. Incentive systems that offer higher rates of pay to these officers only while serving in nuclear billets have been considered; however, these systems result in considerable financial instability to the individual officer. Officers ordered ashore to important duties outside of the nuclear power field would face a forced reduction in pay of the same magnitude that the current post bonus officer is experiencing; that abrupt reduction is a major contributor to the 30% resignation rate of those officers.

The pay differential over the period of a naval career for nuclear trained officers provided by this incentive pay recognizes the value of these officers to the Navy. The cost of this special pay over the career of each nuclear trained officer retained under this proposal will be substantially less than the cost of training the required junior officers for replacement of the middle grade nuclear trained officer. In addition, in view of the consistent inability to meet the current accession goals, it is unlikely that further increased accessions could be met to make up for decreased middle grade officers retention. The total annual cost of this incentive pay proposal is very modest when compared to the capital investment involved in just one of the more than one hundred nuclear powered ships that are the responsibility of these officers to maintain and operate.

Implementation of the Nuclear Career Incentive Pay should preserve the option for junior officers currently on active duty to alternately elect to receive the Nuclear Officer Continuation Pay (\$15,000 bonus) during the four year period immediately following their completion of minimum obligated service. Although the proposed nuclear incentive pay does provide a higher remuneration over a full career, it represents a short term reduction from the bonus equivalent of \$312.50 per month during this critical four-year period. Accordingly, implementation of the Nuclear Career Incentive Pay Proposal without the save-pay alternative would be recognized as a reduction in entitlement for officers just completing minimum obligated service, who have not received Nuclear Career Incentive Pay up to this point.

It is therefore recommended that the Nuclear Officer Continuation Pay enabling legislation (37 U.S.C. 312) be continued until September 30, 1980, to correspond with the new fiscal year ending date at which time all junior nuclear qualified officers reaching end of minimum obligated service will have had full advantage of Nuclear Career Incentive Pay. Without action, this legislative authority expires June 30, 1975.

Legislation creating the Nuclear Career Incentive Pay must stipulate that officers who alternately elect to receive Nuclear Officer Continuation Pay are excluded during the period of their active service agreement.

A member receiving Aviation Career Incentive Pay under section 301a of title 37, United States Code, would be precluded from also receiving Nuclear Career Incentive Pay under this proposal.

COST AND BUDGET DATA

Implementation of this proposed Nuclear Career Incentive Pay would affect about 2,400 commissioned officers and 70 warrant officers. Projected per annum cost of Nuclear Career Incentive Pay over the next five years is shown in the following table:

Fiscal year:	Millions
1976 -----	\$4.9
1977 -----	5.52
1978 -----	5.86
1979 -----	6.43
1980 -----	6.82

The increasing per annum cost is based on two assumptions: accession goals will be achieved over the next five years and the number of officers receiving the continuation pay bonus will decrease. Both of these factors will cause an increase in the number of officers eligible for the career incentive pay. Once inventory stability is achieved in the nuclear trained officer community, the per annum cost of this incentive pay would be 7.5M.

Sincerely yours,

J. WILLIAM MIDDENDORF II,
Secretary of the Navy.

CHANGES IN EXISTING LAW

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law proposed to be made by the bill are shown as follows (existing law to be omitted is enclosed in black brackets, new matter is printed in *italics*, and existing law in which no change is proposed is shown in *roman*):

UNITED STATES CODE, TITLE 37—PAY AND ALLOWANCES OF THE UNIFORMED SERVICES

* * * * *

CHAPTER 5.—SPECIAL AND INCENTIVE PAYS

* * * * *

§ 312. Special pay: nuclear-qualified officers extending period of active service

(a) Under regulations to be prescribed by the Secretary of the Navy, an officer of the naval service who—

(1) is entitled to basic pay;

(2) Repealed. Pub. L. 92-581, § 1(2)(a), Oct. 27, 1972, 86 Stat. 1277.

(3) has the current technical qualification for duty in connection with supervision, operation, and maintenance of naval nuclear propulsion plants;

(4) has not completed ten years of commissioned service; and

(5) executes a written agreement to remain on active duty in connection with supervision, operation, and maintenance of naval nuclear propulsion plants for one period of four years in addition to any other period of obligated active service.

may, upon the acceptance by the Secretary or his designee of the written agreement, in addition to all other compensation to which he is entitled, be paid a sum of money not to exceed \$3,750 for each year of the active-service agreement. The Secretary of the Navy shall determine semiannually the necessity for continuance of the special pay and the rate of special pay per year for such active-service agreements accepted within each six-month period. Upon acceptance of the agreement by the Secretary or his designee, the total amount payable shall become fixed and shall be paid in four equal yearly installments, commencing at the expiration of the initial obligated service; except, the Secretary or his designee may accept the active-service agreement not more than one year in advance of the expiration of the initial obligated active service and the amount may then be paid in five yearly installments, not to exceed \$3,000 per year, commencing with the date of acceptance of the agreement.

(b) No more than one agreement for each officer shall be accepted under this section.

(c) Pursuant to regulations prescribed by the Secretary of the Navy and subject to such exceptions as may be prescribed in those regulations, refunds, on a pro rata basis, of sums paid pursuant to this section may be required if the officer having received the payment fails to complete the full period of four years of active duty in connection with supervision, operation, and maintenance of naval nuclear propulsion plants which he agreed to serve.

(d) Nothing in this section shall alter or modify the obligation of a regular officer to perform active service at the pleasure of the President. Completion of the additional period of four years' active service under this section shall in no way obligate the President to accept a resignation submitted by a regular officer at the end of the four-year period.

(e) The provisions of this section shall be effective only in the case of officers who, on or before **[June 30, 1975]** *September 30, 1977*, execute the required written agreement to remain in active service.

Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,
one thousand nine hundred and seventy-six*

An Act

To amend title 37, United States Code, relating to special pay for nuclear qualified officers, and for other purposes.

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 "Nuclear Career Incentive Act of 1975".

SEC. 2. Section 312 of title 37, United States Code, is amended—

(1) by striking out "\$3,750" and "\$3,000" in subsection (a) and by inserting "\$5,000" and "\$4,000", respectively, in lieu thereof; and

(2) by striking out the date that appears in subsection (e) and by inserting "September 30, 1981" in lieu thereof.

SEC. 3. Chapter 5 of title 37, United States Code, is amended by inserting the following new sections after section 312a and by inserting corresponding items for those new sections in the chapter analysis:

"§ 312b. Special pay: nuclear career accession bonus

"(a) Under regulations prescribed by the Secretary of the Navy, an officer of the naval service who—

"(1) is entitled to basic pay;

"(2) has not completed five years of commissioned service;

and

"(3) has, as a commissioned officer, received training for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants;

may, upon successful completion of that training, in addition to all other compensation to which he is entitled, be paid a bonus in an amount not to exceed \$3,000.

"(b) The Secretary of the Navy shall make an annual report to the House and Senate Armed Services Committees containing data to monitor the effectiveness of the bonus authorized by subsection (a) of this section.

"(c) The provisions of this section shall be effective only in the case of officers who, on or before September 30, 1981, have been accepted for training for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants.

"§ 312c. Special pay: nuclear career annual incentive bonus

"(a) Under regulations prescribed by the Secretary of the Navy, an officer of the naval service who—

"(1) is entitled to basic pay;

"(2) is not above the pay grade O-6;

"(3) has completed his initial obligated active service as an officer, but has completed less than twenty-six years of commissioned service;

"(4) has, as a commissioned officer, successfully completed training for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; and

"(5) has the current technical qualifications for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants;

may, in addition to all other compensation to which he is entitled, be paid an annual bonus in an amount not to exceed \$4,000 for each nuclear service year beginning after September 30, 1975, and ending before October 1, 1981. In order to be eligible for an annual bonus for any nuclear service year in accordance with this subsection, an otherwise qualified officer must have been on active duty on the last day of that nuclear service year. The amount of the annual bonus to which an officer would otherwise be entitled for a nuclear service year in accordance with this subsection shall be reduced on a pro rata basis for each day of that nuclear service year on which he was not on active duty; was not qualified for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; was performing obligated service as the result of an active-service agreement executed under section 312 of this title; or was entitled to receive aviation career incentive pay in accordance with section 301a of this title: *Provided, That*—

“(1) in the case of an officer with more than ten, but not more than eighteen, years of commissioned service, the amount of that annual bonus shall be further reduced on a pro rata basis for any other day or days in that nuclear service year which, when added to the immediately preceding days in and before that nuclear service year, total more than three consecutive years in an assignment other than an assignment to duty on a naval vessel; duty with a nuclear ship operational command staff; duty directly involving the training of others leading to their qualification for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; or duty in connection with a nuclear propulsion examining board;

“(2) in the case of an officer with more than eighteen, but not more than twenty-five, years of commissioned service, the amount of that annual bonus shall be further reduced on a pro rata basis for any other day or days in that nuclear service year on which he was not in an assignment involving the direct supervision, operation, or maintenance of naval nuclear propulsion plants, except that in the case of an officer who, during that nuclear service year, completed his eighteenth year of commissioned service, the amount of that annual bonus shall not be reduced for any day before the end of that eighteenth year which would have been creditable for determining the amount of the annual bonus at the end of that nuclear service year for an officer with more than ten, but not more than eighteen, years of commissioned service; and

“(3) in the case of an officer with more than twenty-five, but not more than twenty-six, years of commissioned service, the amount of that annual bonus shall be further reduced on a pro rata basis for any other day or days in that nuclear service year on which he was not in an assignment with duties involving the direct supervision, operation, or maintenance of naval nuclear propulsion plants, and for every day in that nuclear service year after the end of his twenty-fifth year of commissioned service.

“(b) Under regulations prescribed by the Secretary of the Navy, an officer of the naval service who—

“(1) is entitled to basic pay;

“(2) is not above the pay grade O-6;

“(3) has, as an enlisted member, received training for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; and

“(4) has the current technical qualifications for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants;

may, in addition to all other compensation to which he is entitled, be paid an annual bonus in an amount not to exceed \$2,400 for each nuclear service year beginning after September 30, 1975, and ending before October 1, 1981. In order to be eligible for an annual bonus for any nuclear service year in accordance with this subsection, an otherwise qualified officer must have been on active duty on the last day of that nuclear service year. The amount of the annual bonus to which an officer would otherwise be entitled in accordance with this subsection shall be reduced on a pro rata basis for each day of that nuclear service year on which he was not in an assignment involving the direct supervision, operation, or maintenance of naval nuclear propulsion plants; was performing obligated service as the result of an active service agreement executed under section 312 of this title; or was entitled to receive aviation career incentive pay in accordance with section 301a of this title.

“(c) Under regulations prescribed by the Secretary of the Navy, an officer of the naval service who is not on active duty on the last day of a nuclear service year or who, on or before the last day of a nuclear service year, loses his technical qualifications or advances from the pay grade of O-6 to a higher pay grade may be paid a bonus in accordance with subsection (a) or (b) of this section on a pro rata basis, if otherwise qualified, unless termination of active duty or loss of technical qualifications was voluntary or was the result of his own misconduct.

“(d) The Secretary of the Navy shall make an annual report to the House and Senate Armed Services Committees containing data to monitor the effectiveness of the bonuses authorized by subsections (a) and (b) of this section.

“(e) For the purposes of this section, a ‘nuclear service year’ is the one-year period from October 1, 1975, through September 30, 1976, or any fiscal year beginning after September 30, 1976, and before October 1, 1981.”

SEC. 4. Notwithstanding any other provision of this Act or any other provision of law, and under regulations prescribed by the Secretary of the Navy, an officer of the naval service who, on or after the effective date of this Act, is, or will be, performing obligated service as the result of an active service agreement executed in accordance with section 312 of title 37, United States Code, as it existed at any time before the effective date of this Act, may be permitted—

(1) as of the last day of the first year of that obligated service, to cancel that active service agreement in exchange for a new active service agreement in accordance with section 312 of title 37, as amended by this Act; or

H. R. 10451—4

(2) as of the last day of any year, other than the last year, of that obligated service, to cancel that active service agreement in exchange for eligibility for the annual bonus authorized by section 312c of title 37, as added by this Act, and an agreement to remain on active duty for a period of time equal to the period of obligated service remaining under that active service agreement.

SEC. 5. This Act becomes effective on the first day of the first month after enactment, except that section 312c of title 37, United States Code, as added by this Act, is effective as of October 1, 1975.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*