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10/10*

THE SECRETARY OF DEFENSE  
WASHINGTON, D.C. 20301

JUL 8 1976

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

Dear Jim:

The Army's recruiting performance for FY 1976 met quantity objectives but fell below the quality objectives the Army had set for maximum effectiveness for the Volunteer Army. The projected performance for FY 77, based on the current estimate of dollar resources available, does not appear likely to reverse this trend.

340

The Volunteer Army is a success. During the early years, FY 74-75, resources were provided so the Army could recruit the numbers required and make gradual progress in the level of quality toward the long-range goal of cost effective sustainment of the force. Quality has continued to improve each year; however, in the latter half of FY 76 a downward trend in quality developed, and only marginal **improvement** over FY 75 was achieved.

Recruiting success, measured in terms of quality, has proven to be resources sensitive, and any significant reduction of resources reduces cost effectiveness in the long run. Analysis shows that cost avoidances of up to \$133 million per year are possible if the Army's long-range recruiting quality objective can be met. I firmly believe we must reverse the recent practice of curtailing budget resources devoted to recruiting, and invest the modest additional funds needed to bring about this long-term saving.

After considering the effects of inflation, the Army's recruiting resources have declined by 30 percent since FY 1974. In 1976 alone a congressional cut of 13 percent was made. In order to insure the success of this program a larger dollar investment is necessary. To this end, the Army will reprogram an additional \$12.7 million to its recruiting for FY 1977. We also propose a budget amendment to the FY 1977 President's Budget to add \$78.3 million for recruiting. These funds are needed to provide a flexible recruiting program, balanced among lead-producing advertising and recruiter aides, recruiters, and enlistment bonuses.

We are prepared to supply all supporting justification materials associated with this request.

Sincerely,

SIGNED  
DONALD RUMSFELD

8 Jul 76

Enclosure

✓ ODASD(C):DASD(P/B):Plans & Systems  
BCMurrell/plm, Pentagon 13874  
x-72332. 7/2/76

✓ Compt  
✓ Facts  
LA  
MARA

N-959



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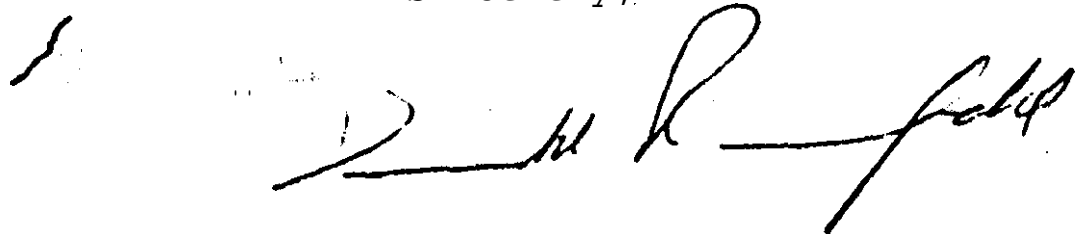
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Enclosure



(Dollars in thousands)

<u>Budget Appendix Page</u>	<u>Heading</u>	<u>FY 1977 Request Pending</u>	<u>FY 1977 Proposed Amendment</u>	<u>FY 1977 Revised Request</u>
231	Military Personnel, Army Increase <b>enlistment bonuses</b>	<b>8,642,866</b>	39,300	<b>8,682,166</b>
239	Operation and Maintenance, Army Add recruiter aides, increase recruiter support and advertising	<b>8,060,400</b>	39,000	<b>8,099,400</b>





COMPTROLLER

*OK: Delivered at 1st thing  
AM on 7/8.*

ASSISTANT SECRETARY OF DEFENSE  
WASHINGTON, D.C. 20301

*T D J M*

7 JUL 1976

MEMORANDUM FOR SECRETARY OF DEFENSE

SUBJECT: FY 1977 Budget Amendment, Army Recruiting - ACTION MEMORANDUM

The enclosed letter to OMB indicates that the Army's recruiting objective is falling below expectations because of limited financial resources. An amendment for \$78.3 million to the FY 1977 Defense budget is proposed. In addition, the Army will reprogram \$12.7 million to its recruiting program for FY 1980.

The Navy and the Air Force are now reviewing their respective recruiting programs to see if any further adjustments are necessary. We should know the outcome of this review within the week.

Recommend you sign the enclosed letter.

*Terence E. McClary*  
Terence E. McClary  
Assistant Secretary of Defense

Enclosure

CONCUR:

*Secretary Bealm concurs - J. Bealm USA*  
ASD(LA)

*Secretary Cheura concurs - MLT have USAF  
on earlier version prior  
ASD(M&RA) to Sec'y Bealm edits*



*There may be two more pieces  
to this -- Navy & MC, and Air Force --  
but they will combine to about \$20M max.*

