

THE HUBBELL SYSTEM FOR MODERNIZING MILITARY PAY:  
ITS ANTICIPATED EFFECTS ON PERSONNEL  
RETENTION IN THE NAVY

by

Lee Duane Crane

Bachelor of Arts

St. Cloud (Minnesota) State College

A Thesis Submitted to the School of Government and  
Business Administration of the George Washington  
University in Partial Fulfillment of the  
Requirements for the Degree of Master  
of Business Administration

May 5, 1969

Thesis Directed By

Richard A. Barrett, M.B.A.

Assistant Professor of Business Administration

The President is also required, on completion of the review to ". . . submit a detailed report to Congress summarizing the results of such review together with any recommendations he may have proposing changes in the statutory salary system and other elements of the compensation structure provided members of the armed services."<sup>1</sup>

The President directed the Secretary of Defense to conduct the review and he, in turn, formed the Military Compensation Policy Board. The Policy Board <sup>was</sup> chaired by the Assistant Secretary of Defense (Manpower) and includes <sup>as</sup> its members the Assistant Secretary of Defense (Comptroller), the Under Secretaries of the Army, Navy and Air Force, the Military Personnel Chiefs of the Army, Navy, Air Force and Marine Corps, the Deputy Under Secretaries of the Army, Navy and Air Force, the Special Assistant to the Director, Bureau of the Budget, and the Director, Compensation and Career Development Branch of the Department of Defense (**Rear Admiral Lester E. Hubbell, U.S.N.**).

The working arm of the Policy Board <sup>was</sup> the Compensation Study Staff directed by **Rear Admiral Hubbell**. This staff commenced operations in March 1966 with the objectives of analyzing and studying all aspects of military compensation

---

<sup>1</sup>Ibid.

and recommending improvements to the Secretary of Defense, that:

provide fairness and equity to the military individual, the Government, and the taxpayer; and

should assist in attracting, retaining and motivating into the career force the kinds and numbers of personnel the uniformed services need.<sup>1</sup>

The result has been a recommendation that Congress enact a revolutionary new compensation system which is based on an annual salary system which will replace the existing basic pay and allowances system. The Policy Board believes that this system, if approved by Congress, will have a significantly beneficial effect on the entire military manpower position of the Department of Defense.<sup>2</sup> The system has been unofficially named "**The Hubbell Plan**" in recognition of its architect, **Rear Admiral Lester E. Hubbell, U.S.N.**

#### Purpose and Research Questions

The purpose of this paper is to answer the question: Would implementation of the Hubbell Plan contribute to a more effective and efficient personnel program in the Navy? In arriving at an answer, it is necessary to consider the following

---

<sup>1</sup>U.S., Department of Defense, Report of the First Quadrennial Review of Military Compensation, Modernizing Military Pay, Vol. I, Active Duty Compensation (Washington, D.C.: Government Printing Office, 1967), p. xiv.

<sup>2</sup>Ibid.