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# Review Panel Recommends Military Pay Changes

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WASHINGTON, March 13, 2008 – The 10th Quadrennial Review of Military Compensation has suggested a new way of measuring military pay, proposed that more money be spent on special and incentive pays, and recommended restructuring the basic allowance for housing.

Retired Air Force Brig. Gen. Jan D. “Denny” Eakle -- former deputy director of the Defense Finance and Accounting Service -- chaired the commission and briefed the media on the recommendations yesterday.

This was just the first release of the review, Eakle explained. A second volume, covering retirement and quality-of-life aspects of compensation, will be released in the summer.

Eakle said that whenever a QRMC convenes, the first question it examines always is whether military pay is comparable to pay in the private sector. The second is whether military pay is adequate to maintain the force, she said.

The 9th QRMC, released in 2002, concluded that for pay to be comparable, it had to be at or above the 70th percentile of the age- and education-matched civilian population, Eakle said. Military pay followed this guidance through 2006, and targeted pay raises in 2007 and 2008 ensure DoD exceeds the 70th percentile for enlisted personnel. Officer pay exceeded this goal in 2006 and has kept pace since then, she said.

Eakle said the current review studied whether the comparability formula is adequate. “Basically, what we wanted to do is create something which would give military members a better means of assessing how their pay stacked up in comparison to civilians,” she said.

Regular military compensation was the measure used in previous QRMCs. This included basic pay, subsistence, housing and a measure of savings on federal income tax. “But there's a lot more to military compensation,” she said.

The new system begins with regular military compensation and adds state and FICA tax advantages. Military personnel also do not pay out-of-pocket health care costs, such as co-pays, she explained, and all these folded into the panel's calculations. The new measurement is called military annual compensation, and it sets the 80th percentile as the standard for military compensation comparability with the private sector. Pay for enlisted personnel and officers meets this standard, Eakle said.

Congress revamped the special incentive pay categories from more than 60 to eight, Eakle said. "That, in fact, was a recommendation of this QRMC, and it was enacted before the publication of this document, Eakle said. "And so now it's up to the department to begin the process of drafting out the instructions to adopt this."

The review recommended increasing the size of the special and incentive pay budget. "Today we have an S&I budget that, quite frankly, is rather small in comparison to the size of the other pay accounts," she said. "And because of that, it doesn't give the service as much flexibility for arranging pay."

The review examined the basic allowance for housing and a previous recommendation to do away with the without-dependent housing rate. The review also proposed changes to the partial-BAH program.

Because some single servicemembers are making as little as 52 percent of the pay their peers who have families receive, the QRMC recommends raising that floor to no less than 75 percent at first, and to 95 percent over time. But the gap between married and single BAH should not disappear, Eakle said.

"What we have determined is that if it were completely closed, we would in fact then be over-compensating the singles, because of the difference in things like utilities and insurances," she explained.

The review did recommend changes for singles living on post or aboard ships. "Today, a young man or woman who is living in the barracks (or) living on a ship forfeits their entire housing allowance for doing that, and we don't think that that's necessarily the most equitable way to operate," Eakle said.

The proposal is a new variable, partial BAH based on the value of the quarters the servicemembers occupy. The DoD standard is a one-plus-one dormitory -- meaning each individual having a bedroom and a shared cooking facility and bathroom. "That's very much like sharing a two-bedroom apartment," Eakle said. "And so for those people, we think that the BAH that they are giving up is actually pretty close to what they should be paying for it."

For those living with three roommates, the review believes they are overpaying for their accommodations by forfeiting their entire housing allowance, and "we would recommend that they get a rebate on their BAH."

“The range we are talking about is going from zero for people in the one-plus-one dormitories, up to a 25 percent rebate for those who are living in ships with hot-bunk arrangements,” she said. “So you'd be able to give people something in recognition of the fact that housing is not at the DoD standard.”

The review also recommended staying with time-in-service pay tables. A previous commission, the Defense Advisory Committee on Military Compensation, recommended replacing the time-in-service pay table with a time-in-grade pay table. This would reward pay for performance, the commission members believed.

“We looked very seriously at this recommendation, but we've chosen not to accept it and are not going to endorse the change,” Eakle said.

She said it would exacerbate pay differentials, adding: “We don't think that's in keeping with our spirit of being fair and equitable to all members.”