

# Defense Report

from AUSA's Institute of Land Warfare



## Pay-Table Reform: The Next Step

Service in the American armed forces is unlike any other profession in the world. The compensation and benefits paid to servicemembers must be fair and equitable based on their skills, experience and the unique nature of military service. A comprehensive, realistic compensation package helps to keep national military service one of the professions of choice in American society. The cornerstone of such a package is the salary scale, or “pay table.”

This pay table is the best means to compare basic military pay against compensation in the public sector. It is through basic military pay that servicemembers are compensated for the inherent dangers of military duty, loss of personal freedom, frequent moves, extended periods of separation from loved ones, and long and arduous hours of work. Serving this country is not an 8-to-5 job. Military men and women bring to their workplace a value found in very few other professions—that of selfless service to the nation.

Military pay raises must parallel wage growth in the private sector. Such tracking today is mandated by Congress and measured by the Bureau of Labor Statistics’ Employment Cost Index (ECI). However, in reality, our military members have been left far behind their civilian peers. For budget reasons, Congress has capped pay raises in most years since 1982, when military pay was last deemed “reasonably comparable” with the private sector. For almost 15 years the cumulative pay gap widened, peaking at 13.5 percent in 1999. The result has been serious problems with retention of trained personnel in the ranks and a consequent adverse effect on readiness. Today that gap has been closed to about 10 percent, thanks to the 106<sup>th</sup> Congress. But total closure of the compensation gap at this new rate will not occur until 2023—if then. This means soldiers who enlist today may be underpaid for the entire span of a 20-year career!

Last year a congressional action on pay-table reform started down the correct track. However, that reform action

was only a minor adjustment to a pay table whose antiquated structure dates back more than 50 years! It corrected the pay table to ensure that raises for promotions are larger than longevity raises; that successive promotions are generally worth more; and that longevity raises are uniform and meaningful. But that was only a beginning—the next step is to finish the job! Education levels must be considered, as well as increased responsibilities and the enhanced experience that we now find in an all-volunteer, professional force. Our sons and daughters in today’s military are the best and brightest people our country has to offer, and they are the envy of virtually all the world’s militaries. How long can we continue to attract and retain that kind of quality with an unfair and unrealistic compensation system?

Members with 13 to 20 years’ service constitute 22 percent of today’s force. Projections through 2005, however, show a drop to 16 percent due to members leaving or reaching retirement eligibility with no incentive to remain on active duty. The national investment in training future senior military personnel and the money to achieve our retention goals are at odds.

This pay-table inequity impacts across the entire rank spectrum: noncommissioned officer (NCO) to warrant officer (WO) to junior officer. A partial quick fix to one element of rank strata will only compound the problem. The whole pay table must be addressed as a delicately interrelated system, and it must be fixed now—not in 20 years! Congress and the administration must enact pay-table reform in 2001.



Let’s look at some of the specifics of what needs to be done for our soldiers. Adjustment of the pay table for NCOs (E-5 to E-9) is badly needed to fix the current inequities in basic pay. These fine soldiers are the highest quality ever in military education, civilian education and professionalism. They are the heart of the Army. **These critical soldiers merit a targeted**



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**adjustment for each rank to bring them up to a level commensurate with their experience and leadership roles. AUSA believes that these adjustments should be in the range of 7 to 8 percent for each rank.**



Warrant officers—the professional specialized element of the Army—have suffered in relative compensation as a result of the well-deserved “targeted pay raises” for the enlisted force. Well-meaning but flawed, these partial adjustments to the Army pay table did not provide corresponding adjustments for the warrant officers. This has caused problems for warrant officer recruiting and retention. Enlisted soldiers who would otherwise consider moving from the NCO corps are no longer interested in a “backward” career move to WO1/WO2. The positive changes to the pay table in the NCO area are an economic disincentive for talented and motivated soldiers to move into the warrant officer ranks. **AUSA believes that, at a minimum, an adjustment of 8 percent must be made to alleviate the impact of “pay compression” on WO rank structure.**



Another serious issue is attrition at the captain (O-3) level. This is not an Army-unique problem—all the services are experiencing the talent, brain and leadership drain caused by the robust and rich job market for trained and developed leaders. The Army, along with the other services, is providing “free” junior management development for American industry as young officers become civilian “new hires” as a result of compensation inadequacy. **AUSA believes a minimum pay-table adjustment of 7 percent for captains is a correct step toward better retention of these future Army leaders.**

This is not the time to wait for the results of the next Quadrennial Review of Military Compensation, the 9th QRMC. Further deficiencies that may surface as a result of the adjustments recommended above can be corrected by the second session of the 107<sup>th</sup> Congress. The answer is to judiciously apply the proposed \$1.4 billion pay raise mentioned in President Bush’s 27 February 2001 address to the nation to fix inequities caused by pay-table deficiencies across the force.

### **Key Points**

- Pay and benefits play a significant role in ensuring the Army recruits and retains quality soldiers.
- The quality and educational level of today’s soldiers, particularly in the career force, are the highest ever in the history of the volunteer force.
- A proper military pay and benefits system—comparable to equivalent civilian employment compensation in salaries and benefits, and structured to recognize uniqueness and sacrifice of military service—will attract and retain the right soldiers and leaders.
- The pay comparability gap of approximately 10 percent cannot wait 20 years to be fixed.
- Pay categories by rank must be adjusted within the pay table to recognize experience, responsibility and service. This is a more urgent need than closure of the 10 percent gap in pay comparability and is of particular urgency for pay grades E-5 to E-9, warrant officer 1 and 2, and captain.
- A pay-table adjustment for the career force of about 8 percent for each rank must be executed now by national leadership in the administration and the 107<sup>th</sup> Congress.

**Pay-table reform by December 2001—elimination of 10 percent pay gap by 2006!**