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OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
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WASHINGTON, D.C. 20301-4000



FORCE MANAGEMENT  
POLICY

MAY 23 1996

Mr. James N. Broder  
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FM&P  
S: 21 May 96  
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FILE NO: 53176

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Dear Mr. Broder:

Thank you for your letter of May 1, 1996, to Secretary Perry regarding your recent participation in JCOC59. You raised two issues concerning military pay and manpower. Your letter has been referred to this office for reply on those issues.

Your first concern is that military pay may be inadequate for junior enlisted members. Military pay should be set at levels that are equitable -- to both the military member and to the taxpayer. In order to be equitable for the member, military pay and allowances should be comparable to the pay prevailing in the private sector. If pay is set too low, retention and recruiting will decline and we would find the quality of our forces deteriorating. If pay is set too high, the Department of Defense would be wasting money on personnel that would be more productively spent on other military uses, such as acquisition or operations. This would not be an efficient way to run government, nor is it fair to the taxpayer.

Given these objectives, how does military pay compare with private sector pay? If we look at full-time year-round workers, pay for enlisted members is about at the 75th percentile for young, high-school educated workers and a little less for officers when compared with college-educated workers. This level, although above the median, is about right since our members are generally better educated and brighter than the average private sector worker. The Seventh Quadrennial Review of Military Compensation, a group commissioned by the President to examine the adequacy of military compensation, judged in a recently completed study that military compensation is adequate at present levels. Retention and recruiting are both at very high levels.

Military compensation does vary with whether the member has a family or not. Basic military compensation has three components: basic pay, housing allowances, and a subsistence allowance. All members receive either the allowances or in-kind support, however for those receiving cash allowances, the housing allowances are greater if the military member has dependents. The basic Allowance for Quarters (BAQ), for example is 43 percent higher for an E4 with dependents than for a single E4.

The number of military members receiving Food Stamps is often exaggerated. Approximately 11,900 members receive Food Stamps. Of this number, 7,000 (59 percent) qualify because the base housing that they occupy is not counted as income towards their Food

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Stamp eligibility. That leaves 4,900 members out of a force of 1.5 million. These members tend to be younger enlisted with larger than average size families. For example, an E-4, a grade that is reached after 2 years in the service, would only qualify for Food Stamps if he or she had 4 or more dependents. Such families are an aberration not only in the Department of Defense but anywhere. We cannot afford to structure pay rates to accommodate these "outliers", nor do we want to encourage personnel with unduly large families to enter the junior grades. We do want our members with unusually large families to be afforded the same assistance available to any citizen if they qualify.

Your other concern is that active duty force levels have been drawn down too tightly, putting stress on the core active duty force that must undertake humanitarian and peacekeeping missions. As you know, the overall size of our forces is determined jointly by the Executive and Legislative Branches, who assess the threats to our country and its allies now that the Soviet Union and the Warsaw Pact have collapsed, and translate these into required military units. With the decline of these major threats, it is the peacekeeping and humanitarian missions, whose incidence is heavily unpredictable, that have occupied military concern. But I suspect that much of the reason for the perception of inadequate force levels is the turbulence that accompanies the drawdown. This drawdown is largely over, and from 1997 on we expect to see much more stable working conditions for the force. We will be closely watching the affect of future operational tempo in the readiness of our forces and the quality of life of our people.

Sincerely,

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