
Defense Report

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Military People Are Puzzled — Do Their Leaders Want to Help Them or Hurt Them?

Every element of our society has been hurt by the rising tide of inflation; some worse than others. Our people in uniform comprise one of the hardest hit segments. Because of repeated "caps" on cost-of-living adjustments to military pay and because military allowances for housing have not kept pace with the true cost of renting a place to live, the buying power of military pay has fallen somewhere between ten and 15 percent behind comparable civilian compensation. The President is aware of this predicament, but his reaction to it opens substantial questions in the minds of military people who look to their constitutionally designated leader for understanding and support.

At a time when inflation is running at an annual rate of more than 18 percent, the President has proposed a military cost-of-living adjustment to base pay of just 7.4 percent. Military families in all but the southeast corner of the United States are paying rents substantially greater than their housing allowance (many exceed it by as much as 65 percent). The Administration says it supports an increase in the housing allowance, but it has not said how the increase will be funded. One of the ways it could be done would be to take part of that 7.4 percent base pay adjustment and put it into an increase in the housing allowance—a bookkeeping exercise that simply takes some money from one of the service person's pockets and puts it in another.

This exercise is called "reallocation" and the present law permits the President to take as much as 25 percent of a base pay adjustment and shift it into one or more of the allowances for housing or food. It has been reported that the Administration is planning to ask for permission to increase the reallocation limit to 50 percent. Whatever level of reallocation is used, however, the result is the same: Military families wind up with more money to pay the rent and less to spend on other necessities. Those who occupy government housing and forfeit their allowance simply get a paycheck that reflects less than the approved cost-of-living adjustment.

There are other ramifications of the reallocation process that are seldom noted. Every time the adjustment to base pay is pared down it does several other things automatically: It reduces the base upon which the service member's retired pay will eventually be computed; it means that reservists, who get no allowances but whose pay is determined by the base pay of active-duty people, also get less than a full cost-of-living adjustment; And it also means that every type of incentive pay or retention bonus that has base pay as its foundation falls short of its proper adjustment.

No doubt these bureaucratic maneuvers save money in the defense budget, but the saving is at the expense of the defense establishment's most valuable commodity—its people. That is the last place we can afford to cut corners.