

---

# Defense Report

AUSA



---

## **Military Compensation—The Key Factor in Defense Readiness**

The 65 billion dollars to be spent in fiscal 1985 on military personnel compensation play a critical role in managing the readiness of our armed forces. Military compensation, after all, is the single most important factor in persuading service men and women to enlist and to remain in uniform. It is the decisive element in the success of America's all-volunteer force.

What is not understood by many, including some who are in a position to influence the levels of military compensation, is that this is not a salary in the classic sense, but a total package of pay, tax-free allowances, and benefits, both immediate and deferred. It includes money (or provision in kind, such as housing and food); various services, including medical care; and deferred compensation such as retirement and survivor benefits. For it to contribute to the maintenance of a ready force, military compensation must provide a level of remuneration to service members that is in line with contemporary standards and is perceived as being fair and equitable in light of the hardships and risks incurred in military service.

When highly leveraged benefits—such as dependent medical care, commissaries, and exchanges—are trimmed, each dollar “saved” may result in a loss of several dollars to military families. The impact on recruiting, retention, or morale—all extremely vital aspects of force readiness—is seldom fully considered. Since qualified, trained, and motivated people are the heart and soul of a ready force, policy makers at all levels must have an appreciation for the role military compensation plays in the management of U.S. force readiness.

Those who would work with the issues need a new and comprehensive perspective for understanding and assessing this complex area. It profoundly affects our ability to provide an adequate number of people with proper skills and leadership ability to ensure attainment of our national security goals.

The underlying purpose of the compensation system is to provide and manage the force needed to accomplish those objectives. It must make available and retain those good people who represent the most costly, but most important part of the nation's investment in our national security.