
Defense Report

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“Capping” Military Pay Below Comparability—A Futile Effort in Short-Term Savings

One of the main reasons the Army had such difficulty attracting high quality recruits in the late 1970s was the downside differential in compensation it offered in comparison to the wages available in the civilian sector. When the Administration and Congress recognized the need for the military to be competitive with private enterprise for the talents and skills needed, they granted substantial military pay increases, in both 1980 and 1981, which put soldiers on rough par with civilians, as measured by the Employment Cost Index (ECI).

Having gained this approximate comparability in compensation, the Army made great strides in meeting its needs for high caliber people and in the retention of those who indicated top leadership potential.

Unfortunately, the Army may be in for rough days again since the White House and Congress have seen fit to “cap” service pay below private sector wage growth in the years from 1982 through 1984, so that military pay is 4.6 percent below ECI comparability for 1985. Even if the Administration’s proposal for a three percent cost of living adjustment for July 1985 is enacted, this figure would slip to 6.6 percent and would equal the previous low point of 1980.

Without a pay adjustment for fiscal 1986—a proposal receiving much attention in Congress—military compensation would fall to 9.3 percent below comparability. Should this occur, the Army anticipates the loss of more than 7,000 noncommissioned officers. All-service losses are estimated to be between 20,000 and 30,000 people. An earlier hemorrhage of talent seriously depleted the middle ranks of all the services.

When our government fails to act responsibly to keep military pay competitive with that which is acceptable in our society, it will soon find itself digging deeper into the taxpayer’s pocket to recruit and train the replacements needed to fill the combat boots of the many good people who turn in their uniforms, or as an alternative, we will be forced to return to conscription.