



AUSA Torchbearer Issue: The Pay Comparability Gap

In his testimony before the Senate Armed Services Committee on 29 September 1998, Army Chief of Staff General Dennis J. Reimer stated, "Quality soldiers are the single most important factor in achieving both current and future readiness."

In other words, even if the Army had the equipment modernization dollars that it needs (it does not), training resources were sufficient (they are not), facilities maintenance was fully funded (it is not), and quality-of-life programs were budgeted as needed (and they are not), the fundamental measure of Army readiness to meet the nation's security needs is *soldier quality*.

Today's volunteer soldier — active, Guard and Reserve — is expected to perform competently in an era of increased operating tempo involving multiple and simultaneous deployments around the globe — with significantly reduced defense dollars that are at their lowest level relative to the nation's gross domestic product (GDP) since just before the outbreak of World War II. Currently, the underfunded Army cannot meet all the competing demands for its limited resources without putting great strain on the soldiers who make it all work.

Quality of life for the soldier has suffered with frequent deployments and prolonged absences from home station. Soldiers are doing and will continue to do their duty, but a fair shake is called for in the resource arena. Of particular interest in this *Defense Report* is military pay, one of several areas of growing concern to soldiers (others being retirement and health care, particularly when contemplating reenlistment).

In his Torchbearer message of September 1998, General Gordon R. Sullivan, USA Ret., president of

AUSA, points out the importance of overcoming the current shortfall in personal and professional resources required to maintain current and future readiness. In addition to emphasizing the need for decent quality-of-life programs, he enjoins the government to close the pay comparability gap, which presently stands at about 14 percent.

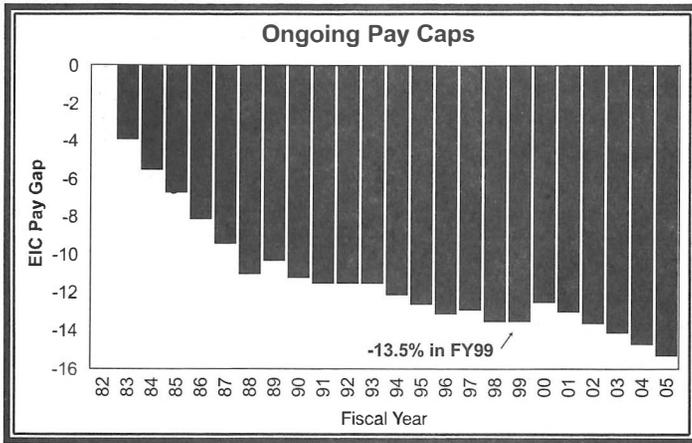
What is the pay comparability gap? How does one explain the 14 percent figure? How is it computed?

The pay comparability gap refers to the difference between the change in salaries of private industry and the actual change in military pay, expressed as a percentage. This standard measure, maintained by the Labor Department, is referred to as the Employment Cost Index (ECI). The index measures the annual change in wages, and can be used to produce a cumulative measure of change. In accordance with the Federal Employees Comparability Act, the index is used to determine the annual federal pay raise.

The cumulative change from Fiscal Year 1982, when a raise of 14.3 percent made civilian and military pay comparable, to FY 1999 indicates military pay has increased at a lower rate than that of civilian wages. Presently, the pay comparability gap is 13.5 percent. Projected military pay adjustments will not significantly change the pay gap (see figure). The situation is particularly troublesome in light of federal law requiring pay raises, since FY 1993, to be based on the ECI minus 0.5 percent. (For FY 1999, Congress added this 0.5 percent back to the military pay raise to produce a 3.6 percent hike in January 1999.) By 2005, under current projections, the gap will exceed 15 percent.

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The bottom line is that military pay should be on par with civilian wage growth. This means pay raises are needed to close the comparability gap of 13.5 to 14 percent, along with a commitment to maintaining pay comparability in the future.

Twenty-five years ago Americans opted for an all-volunteer military force to provide for our national security. Inherent in that commitment was a willingness to invest in the needed resources to bring into existence a competent and professional military. The superb performance of our soldiers in Operation Desert Shield/Desert Storm and the continuing excellence of our soldiers on duty in Bosnia are testimony to the dividends paid to the nation for that investment. The peace dividend has been peace.

Now is not the time to dismantle — through the consequences of underresourcing national defense — what has been achieved in creating the all-volunteer force. Furthermore, this is not the time to look for ways

to meet the personnel needs of the armed forces by looking at conscription or other alternatives to the proven all-volunteer force.

A national recommitment is required to provide additional funding for the Defense Department to preserve the quality of the present institution. Additional funding is needed to reinvigorate readiness, in the short term and for the long term, by providing for modernization, training, costs of deployments and overall quality of life for servicemembers and their families.

Military service entails intangibles and tangibles as motivators for national service. The intangibles include a sense of duty and service to nation, as well as a sense of doing something that is selfless and of greater importance than the individual performing the service; intangibles also include a sense of fair play between the individual, the institution and the nation that is served.

Tangibles include adequate training and equipment to do the job right. Tangibles also include the infrastructure of adequate housing, access to health care and other programs in support of the soldier and the soldier's family, particularly during periods when the soldier is on deployment. Soldiers deserve fair and equitable compensation for their service and for the risks and hardships that come with soldiering.

The pay gap, in combination with other elements of quality of life (and the continuing degradation of the Army to a level of fragility that undermines its readiness), ultimately contributes to an unwillingness of qualified potential soldiers to serve and of today's soldiers to continue their service.

Summary and Talking Points

-  Quality soldiers — active, Guard and Reserve — are the single most important factor in achieving Army readiness.
-  Increased operating tempo and an underresourced defense budget are putting a strain on an increasingly fragile Army and causing concerns about retaining highly qualified soldiers.
-  Military pay is one of several areas of concern to the soldier; others include retirement and health care.
-  There is a 13.5 percent pay comparability gap between the salaries of private industry and those of the military from FY 1982 to FY 1999.
-  This measure is derived from the federal government index maintained by the Labor Department, the Employment Cost Index for Private Industry, Wages and Salaries. The index is used to determine the annual federal pay raise.
-  The cumulative measure since FY 1982 indicates military pay has increased at a lower rate than civilian pay. The projected pay gap through FY 2005 is over 15 percent.
-  A national recommitment to the all-volunteer force is required. It must be demonstrated through additional funding for national defense to maintain readiness and to enhance quality of life for the soldier, to include eliminating the pay gap.

 (AUSA has established a series of Torchbearer messages to highlight current issues that impact the Total Army. This and future selected *Defense Reports* are designed to address these issues by providing succinct, factual information so that Association members and leaders can effectively participate in the national defense debate and help build support for a strong Army. Additional information is available on the AUSA homepage at www.ausa.org.)