



Center for Strategic and Budgetary Assessments

## STUDIES

# Rebalancing Military Compensation: An Evidence-Based Approach

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Resources: Budget & Resources

This groundbreaking study presents a new approach for optimizing the military compensation system. Rather than focusing exclusively on reducing costs, the study looks at options for getting better value from the compensation system by shifting funds from undervalued forms of compensation to more highly valued forms of compensation.

The study draws on the results of a survey of more than 2,600 military personnel, retirees, and dependents to develop a quantitative understanding of how service members value different forms of compensation.

The survey was conducted in partnership with **TrueChoice Solutions Inc.**

(<http://csba.createsend1.com/t/y-i-jrklkj-l-u/>), a company that specializes in developing on-demand preference analytics solutions for Fortune 500 companies and government agencies.

### Highlights from the Study:

The all-volunteer force, in its current form, is unsustainable. Over the past decade, the cost per person in the active duty force increased by 46 percent, excluding war funding and adjusting for inflation. If personnel costs continue growing at that rate and the overall defense budget remains flat with inflation, military personnel costs will consume the entire defense budget by 2039.

Service members of all ranks place a high value on basic pay, especially those at the lower end of the pay scale. The study reveals that a dollar spent increasing basic pay for junior enlisted has more than six times the impact than a dollar spent increasing basic pay for senior officers.

Service members at all stages of their career do not value free TRICARE for Life commensurate with what it costs DoD to provide.

Service members of all ranks, ages, and years of service prefer maintaining the 20 years of service requirement to earn a retirement rather than lowering it to 15 years.

More than 80 percent of service members in each age group would be willing to have the retirement collection age raised to 50 in exchange for a 1 percent increase in basic pay.

The military exchanges are valued as much or more than they cost to provide by a majority of service members at all ranks.

Of all the additional services and in-kind benefits examined in the study, service members of all ranks place the highest value on being able to choose their duty station and length of tour. Moreover, officers and senior enlisted with dependents tend to value this benefit more than their peers without dependents.

Keeping faith with the troops should not preclude changes to the compensation system. This study demonstrates that DoD can improve the value of its compensation system by making changes the troops prefer while also reducing costs. The military can do better, and the troops deserve better.