



COMPTROLLER
(Program/Budget)

OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

APR 6 2006

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)
ASSISTANT SECRETARY OF THE ARMY (FINANCIAL
MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL
MANAGEMENT AND COMPTROLLER)
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING
SERVICE

SUBJECT: FY 2007 Department of Defense (DoD) Military Personnel Composite
Standard Pay and Reimbursement Rates

The FY 2007 DoD military composite pay and reimbursement rates (Tabs K1-K5 attached) are now available on the reimbursable rates page of the Office of the Under Secretary of Defense (Comptroller) website <http://www.dod.mil/comptroller/rates/>. The composite standard pay rates will be used when determining the cost of military personnel for budget/management studies. The annual billable rate charged to non-DoD activities will be used when obtaining reimbursement for services provided to agencies outside the DoD. This rate contains an acceleration factor of \$7,255 to cover medical health care costs of active duty personnel and their dependents.

A handwritten signature in black ink, appearing to read "John P. Roth".

John P. Roth
Deputy Comptroller

Attachment:
As stated

MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
FISCAL YEAR 2007

OVERVIEW

The Military Composite Standard Pay and Reimbursement Rates are calculated in accordance with provisions of Volume 11A, Chapter 6, Appendix I of the “DoD Financial Management Regulation” (DoD 7000.14R).

The “Annual Department of Defense (DoD) Composite Rate” shall be used when determining the cost of military personnel for budget/management studies.

- Rates **include** a per capita normal cost of \$6,048 for Medicare-Eligible Retiree Health Care (MERHC) accruals. Beginning with FY 2006, the MERHC accruals are paid from the permanent, indefinite appropriations of the General Fund of the Treasury instead of the military personnel appropriations. However, for budget purposes, MERHC accruals continue to be counted as part of the Military Departments’ discretionary budget authority. Therefore, the MERHC accruals must be included for determining the cost of military personnel for budget/management studies, but may not be included in reimbursements to the Services’ personnel accounts during the year of execution (FY 2007).

The “Annual Rate Billable to Other Federal Agencies” shall be used when obtaining reimbursement for services provided to agencies outside of the DoD.

- Rates **include an acceleration factor of \$7,255** to cover medical health care costs of active duty personnel and their dependents. The acceleration factor prior to FY 2006 was based on a percentage of the DoD Composite Rate (e.g., 8 percent for officers; 16 percent for enlisted).
- Rates **exclude** the per capita normal cost of \$6,048 for Medicare-Eligible Retiree Health Care (MERHC) accruals. Beginning with FY 2006, the MERHC accruals are paid from the General Fund of the Treasury and cannot be reimbursed to the Services’ personnel accounts during the year of execution (FY 2007).

The FY 2007 Military Composite Standard Pay and Reimbursement Rates for Army, Navy, Marine Corps and Air Force are effective October 1, 2006.

**MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
DEPARTMENT OF THE ARMY
FOR FISCAL YEAR 2007 ^{1/}**

MILITARY PAY GRADE	AVERAGE BASIC PAY	ANNUAL DOD COMPOSITE RATE ^{2/}	ANNUAL RATE BILLABLE TO OTHER FEDERAL AGENCIES ^{3/ 4/}
O-10	\$152,000 ^{5/}	\$224,698	\$225,905
O-9	150,307	222,405	223,612
O-8	138,456	219,203	220,410
O-7	122,245	196,573	197,780
O-6	105,657	189,181	190,388
O-5	86,149	160,189	161,396
O-4	72,084	138,107	139,314
O-3	56,125	110,400	111,607
O-2	42,752	86,516	87,723
O-1	32,985	68,835	70,042
WO-5	\$77,795	\$140,537	\$141,744
WO-4	67,336	124,805	126,012
WO-3	56,907	115,707	116,914
WO-2	45,289	100,045	101,252
WO-1	39,344	78,537	79,744
E-9	\$61,956	\$111,400	\$112,607
E-8	50,061	94,931	96,138
E-7	42,227	83,067	84,274
E-6	34,019	73,448	74,655
E-5	27,117	59,544	60,751
E-4	22,131	50,399	51,606
E-3	18,310	42,097	43,304
E-2	16,305	38,665	39,872
E-1	13,634	38,907	40,114
CADETS	\$10,233	\$13,550	Not applicable

Notes:

1/ Effective fiscal year 2005, military personnel services for Foreign Military Sales shall be priced using the Composite Rates that already include permanent change of station (PCS) expense and shall no longer use the actual PCS expense for PCS moves to support a FMS case. The next update of the DoD FMR Vol. 15 Section 070203 will reflect this change.

2/ The annual DoD composite rate includes the following military personnel appropriation costs: average basic pay plus retired pay accrual, Medicare-eligible retiree health care (MERHC) accrual, basic allowance for housing, basic allowance for subsistence, incentive and special pay, permanent change of station expenses, and miscellaneous pay. **Includes** a per capita normal cost of \$6,048 for MERHC accrual -- **see Tab K-1**.

3/ The annual rate billable to Other Federal Agencies recovers additional military related health care costs financed by the Defense Health Program. The annual billable rate includes an acceleration factor of \$7,255 for all personnel. **Excludes** per capita normal cost of \$6,048 for MERHC accrual -- **see Tab K-1**.

4/ To compute a Daily Rate, apply a factor of .00439. To compute an Hourly Rate, apply a factor of .00055.

5/ Basic pay for these officers is limited to the rate of basic pay for Level III of the Executive Schedule, which currently is \$152,000 per year.

**MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
DEPARTMENT OF THE NAVY
FOR FISCAL YEAR 2007 ^{1/}**

MILITARY PAY GRADE	AVERAGE BASIC PAY	ANNUAL DOD COMPOSITE RATE ^{2/}	ANNUAL RATE BILLABLE TO OTHER FEDERAL AGENCIES ^{3/ 4/}
O-10	\$152,000 ^{5/}	\$242,863	\$244,070
O-9	150,307	240,510	241,717
O-8	138,441	222,720	223,927
O-7	122,751	202,850	204,057
O-6	103,251	191,191	192,398
O-5	83,255	162,521	163,728
O-4	70,462	145,047	146,254
O-3	57,563	125,029	126,236
O-2	45,634	103,657	104,864
O-1	33,651	81,678	82,885
WO-5	\$80,556	\$140,904	\$142,111
WO-4	72,342	138,641	139,848
WO-3	60,863	116,788	117,995
WO-2	51,649	119,799	121,006
WO-1	----	----	----
E-9	\$61,981	\$120,144	\$121,351
E-8	50,089	100,999	102,206
E-7	42,729	91,927	93,134
E-6	35,073	79,363	80,570
E-5	27,798	67,843	69,050
E-4	22,494	56,960	58,167
E-3	19,054	47,589	48,796
E-2	17,402	42,096	43,303
E-1	15,007	38,941	40,148
CADETS	\$10,315	\$14,342	Not applicable

Notes:

1/ Effective fiscal year 2005, military personnel services for Foreign Military Sales shall be priced using the Composite Rates that already include permanent change of station (PCS) expense and shall no longer use the actual PCS expense for PCS moves to support a FMS case. The next update of the DoD FMR Vol. 15 Section 070203 will reflect this change.

2/ The annual DoD composite rate includes the following military personnel appropriation costs: average basic pay plus retired pay accrual, Medicare-eligible retiree health care (MERHC) accrual, basic allowance for housing, basic allowance for subsistence, incentive and special pay, permanent change of station expenses, and miscellaneous pay. **Includes** a per capita normal cost of \$6,048 for MERHC accrual -- **see Tab K-1.**

3/ The annual rate billable to Other Federal Agencies recovers additional military related health care costs financed by the Defense Health Program. The annual billable rate includes an acceleration factor of \$7,255 for all personnel. **Excludes** per capita normal cost of \$6,048 for MERHC accrual -- **see Tab K-1.**

4/ To compute a Daily Rate, apply a factor of .00439. To compute an Hourly Rate, apply a factor of .00055.

5/ Basic pay for these officers is limited to the rate of basic pay for Level III of the Executive Schedule, which currently is \$152,000 per year.

**MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
U.S. MARINE CORPS
FOR FISCAL YEAR 2007 ^{1/}**

MILITARY PAY GRADE	AVERAGE BASIC PAY	ANNUAL DOD COMPOSITE RATE ^{2/}	ANNUAL RATE BILLABLE TO OTHER FEDERAL AGENCIES ^{3/ 4/}
O-10	\$152,000 ^{5/}	\$232,633	\$233,840
O-9	150,300	230,933	232,140
O-8	138,431	216,199	217,406
O-7	122,187	195,633	196,840
O-6	106,043	180,034	181,241
O-5	85,382	153,362	154,569
O-4	71,884	132,579	133,786
O-3	58,158	113,705	114,912
O-2	46,004	95,419	96,626
O-1	32,562	72,073	73,280
WO-5	\$79,507	\$140,858	\$142,065
WO-4	69,097	125,175	126,382
WO-3	57,779	110,759	111,966
WO-2	48,941	98,282	99,489
WO-1	43,297	91,932	93,139
E-9	\$63,540	\$114,389	\$115,596
E-8	50,566	95,759	96,966
E-7	41,852	83,524	84,731
E-6	33,485	72,560	73,767
E-5	26,392	59,887	61,094
E-4	21,952	50,394	51,601
E-3	18,889	44,021	45,228
E-2	17,374	39,342	40,549
E-1	14,878	36,185	37,392

Notes:

- 1/ Effective fiscal year 2005, military personnel services for Foreign Military Sales shall be priced using the Composite Rates that already include permanent change of station (PCS) expense and shall no longer use the actual PCS expense for PCS moves to support a FMS case. The next update of the DoD FMR Vol. 15 Section 070203 will reflect this change.
- 2/ The annual DoD composite rate includes the following military personnel appropriation costs: average basic pay plus retired pay accrual, Medicare-eligible retiree health care (MERHC) accrual, basic allowance for housing, basic allowance for subsistence, incentive and special pay, permanent change of station expenses, and miscellaneous pay. **Includes** a per capita normal cost of \$6,048 for MERHC accrual -- **see Tab K-1.**
- 3/ The annual rate billable to Other Federal Agencies recovers additional military related health care costs financed by the Defense Health Program. The annual billable rate includes an acceleration factor of \$7,255 for all personnel. **Excludes** per capita normal cost of \$6,048 for MERHC accrual -- **see Tab K-1.**
- 4/ To compute a Daily Rate, apply a factor of .00439. To compute an Hourly Rate, apply a factor of .00055.
- 5/ Basic pay for these officers is limited to the rate of basic pay for Level III of the Executive Schedule, which currently is \$152,000 per year.

**MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
DEPARTMENT OF THE AIR FORCE
FOR FISCAL YEAR 2007 ^{1/}**

MILITARY PAY GRADE	AVERAGE BASIC PAY	ANNUAL DOD COMPOSITE RATE ^{2/}	ANNUAL RATE BILLABLE TO OTHER FEDERAL AGENCIES ^{3/ 4/}
O-10	\$152,000 ^{5/}	\$235,914	\$237,121
O-9	150,307	230,409	231,616
O-8	137,600	213,569	214,776
O-7	122,028	193,498	194,705
O-6	102,252	183,363	184,570
O-5	83,174	157,024	158,231
O-4	70,220	136,262	137,469
O-3	56,048	111,827	113,034
O-2	43,761	93,087	94,294
O-1	31,425	69,988	71,195
WO-5	---	---	---
WO-4	---	---	---
WO-3	---	---	---
WO-2	---	---	---
WO-1	---	---	---
E-9	\$62,843	\$111,540	\$112,747
E-8	51,601	95,453	96,660
E-7	43,613	83,964	85,171
E-6	35,672	73,168	74,375
E-5	28,365	63,217	64,424
E-4	22,747	52,376	53,583
E-3	18,769	44,633	45,840
E-2	17,403	41,081	42,288
E-1	14,910	35,661	36,868
CADETS	\$10,217	\$13,624	Not applicable

Notes:

1/ Effective fiscal year 2005, military personnel services for Foreign Military Sales shall be priced using the Composite Rates that already include permanent change of station (PCS) expense and shall no longer use the actual PCS expense for PCS moves to support a FMS case. The next update of the DoD FMR Vol. 15 Section 070203 will reflect this change.

2/ The annual DoD composite rate includes the following military personnel appropriation costs: average basic pay plus retired pay accrual, Medicare-eligible retiree health care (MERHC) accrual, basic allowance for housing, basic allowance for subsistence, incentive and special pay, permanent change of station expenses, and miscellaneous pay. **Includes** a per capita normal cost of \$6,048 for MERHC accrual -- see **Tab K-1**.

3/ The annual rate billable to Other Federal Agencies recovers additional military related health care costs financed by the Defense Health Program. The annual billable rate includes an acceleration factor of \$7,255 for all personnel. **Excludes** per capita normal cost of \$6,048 for MERHC accrual -- see **Tab K-1**.

4/ To compute a Daily Rate, apply a factor of .00439. To compute an Hourly Rate, apply a factor of .00055.

5/ Basic pay for these officers is limited to the rate of basic pay for Level III of the Executive Schedule, which currently is \$152,000 per year.