



OFFICE OF THE UNDER SECRETARY OF DEFENSE

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WASHINGTON, DC 20301-1100

COMPTROLLER
(Program/Budget)

APR 19 2007

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 2008 Department of Defense (DoD) Military Personnel Composite
Standard Pay and Reimbursement Rates

The FY 2008 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 \$8,365 to cover medical health care costs of active duty personnel and their dependents.

John P. Roth
Deputy Comptroller

Attachment:
As stated

MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
FISCAL YEAR 2008

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 \$5,988 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 2008).

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 \$8,365** 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 \$5,988 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 2008).

The FY 2008 Military Composite Standard Pay and Reimbursement Rates for Army, Navy, Marine Corps and Air Force are effective October 1, 2007.

**MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
DEPARTMENT OF THE ARMY
FOR FISCAL YEAR 2008 ^{1/}**

<u>MILITARY PAY GRADE</u>	<u>AVERAGE BASIC PAY</u>	<u>ANNUAL DOD COMPOSITE RATE ^{2/}</u>	<u>ANNUAL RATE BILLABLE TO OTHER FEDERAL AGENCIES ^{3/ 4/}</u>
O-10	\$168,000 ^{5/}	\$251,437	\$253,814
O-9	157,087	255,675	258,053
O-8	141,929	239,886	242,263
O-7	126,169	213,922	216,299
O-6	108,869	191,590	193,967
O-5	83,706	155,631	158,008
O-4	70,907	136,717	139,094
O-3	60,352	117,932	120,310
O-2	39,416	87,549	89,926
O-1	35,056	76,176	78,553
WO-5	\$84,922	\$159,151	\$161,529
WO-4	67,653	132,400	134,777
WO-3	60,366	119,211	121,588
WO-2	48,320	101,821	104,199
WO-1	44,682	92,410	94,787
E-9	\$63,186	\$120,451	\$122,828
E-8	50,252	100,487	102,865
E-7	42,775	90,244	92,622
E-6	34,511	78,003	80,380
E-5	27,812	64,982	67,359
E-4	22,655	52,344	54,721
E-3	18,966	44,837	47,214
E-2	17,914	43,582	45,959
E-1	15,233	41,327	43,705
CADETS	\$10,630	\$14,264	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 \$5,988 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 \$8,365 for all personnel. **Excludes** per capita normal cost of \$5,988 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 II of the Executive Schedule, which currently is \$168,000 per year.

**MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
DEPARTMENT OF THE NAVY
FOR FISCAL YEAR 2008 ^{1/}**

<u>MILITARY PAY GRADE</u>	<u>AVERAGE BASIC PAY</u>	<u>ANNUAL DOD COMPOSITE RATE ^{2/}</u>	<u>ANNUAL RATE BILLABLE TO OTHER FEDERAL AGENCIES ^{3/4/}</u>
O-10	\$168,000 ^{5/}	\$254,312	\$256,689
O-9	158,312	248,093	250,470
O-8	144,920	233,081	235,458
O-7	126,738	210,084	212,462
O-6	106,543	194,692	197,070
O-5	85,732	166,782	169,159
O-4	72,649	151,674	154,051
O-3	59,340	132,261	134,638
O-2	46,827	103,275	105,652
O-1	34,737	82,970	85,347
WO-5	\$84,035	\$155,586	\$157,963
WO-4	74,213	142,246	144,623
WO-3	62,478	124,885	127,262
WO-2	52,659	114,712	117,089
WO-1	----	----	----
E-9	\$64,455	\$124,735	\$127,112
E-8	51,263	106,224	108,602
E-7	43,946	95,719	98,097
E-6	35,854	83,622	85,999
E-5	28,712	71,146	73,523
E-4	23,189	59,344	61,721
E-3	19,610	50,408	52,786
E-2	17,936	45,114	47,491
E-1	15,413	40,770	43,147
CADETS	\$10,604	\$14,652	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 \$5,988 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 \$8,365 for all personnel. **Excludes** per capita normal cost of \$5,988 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 II of the Executive Schedule, which currently is \$168,000 per year.

**MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
U.S. MARINE CORPS
FOR FISCAL YEAR 2008 ^{1/}**

MILITARY PAY GRADE	AVERAGE BASIC PAY	ANNUAL DOD COMPOSITE RATE ^{2/}	ANNUAL RATE BILLABLE TO OTHER FEDERAL AGENCIES ^{3/ 4/}
O-10	\$168,000 ^{5/}	\$253,840	\$256,218
O-9	151,999	237,839	240,217
O-8	142,312	225,343	227,720
O-7	125,598	203,782	206,159
O-6	109,011	187,041	189,418
O-5	87,790	158,909	161,286
O-4	74,085	137,697	140,074
O-3	61,300	119,449	121,826
O-2	47,475	98,696	101,073
O-1	33,558	74,365	76,742
WO-5	\$78,294	\$141,814	\$144,191
WO-4	69,294	127,640	130,017
WO-3	57,474	112,134	114,511
WO-2	48,609	99,388	101,765
WO-1	42,717	92,586	94,963
E-9	\$65,337	\$121,496	\$123,873
E-8	51,982	101,882	104,260
E-7	43,758	89,969	92,346
E-6	35,033	78,305	80,683
E-5	27,727	64,917	67,295
E-4	23,034	54,701	57,078
E-3	19,620	47,623	50,001
E-2	17,901	42,445	44,823
E-1	15,261	39,038	41,415

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 \$5,988 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 \$8,365 for all personnel. **Excludes** per capita normal cost of \$5,988 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 II of the Executive Schedule, which currently is \$168,000 per year.

**MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
DEPARTMENT OF THE AIR FORCE
FOR FISCAL YEAR 2008 ^{1/}**

MILITARY PAY GRADE	AVERAGE BASIC PAY	ANNUAL DOD COMPOSITE RATE ^{2/}	ANNUAL RATE BILLABLE TO OTHER FEDERAL AGENCIES ^{3/4/}
O-10	\$168,000 ^{5/}	\$270,756	\$273,133
O-9	161,909	265,324	267,701
O-8	143,255	238,600	240,977
O-7	125,966	218,063	220,440
O-6	105,692	201,645	204,022
O-5	85,594	173,688	176,065
O-4	72,255	153,278	155,655
O-3	58,086	123,062	125,439
O-2	46,141	98,253	100,630
O-1	32,203	76,554	78,931
WO-5	----	----	----
WO-4	----	----	----
WO-3	----	----	----
WO-2	----	----	----
WO-1	----	----	----
E-9	\$64,877	\$120,991	\$123,368
E-8	53,140	103,681	106,058
E-7	45,274	92,124	94,501
E-6	36,937	79,902	82,279
E-5	29,290	67,545	69,922
E-4	23,417	55,651	58,028
E-3	19,340	45,501	47,878
E-2	17,912	41,606	43,983
E-1	15,346	36,838	39,215
CADETS	\$10,605	\$14,362	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 \$5,988 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 \$8,365 for all personnel. **Excludes** per capita normal cost of \$5,988 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 II of the Executive Schedule, which currently is \$168,000 per year.