



OFFICE OF THE UNDER SECRETARY OF DEFENSE
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COMPTROLLER
(Program/Budget)

SEP 9 2005

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: Fiscal Year (FY) 2006 Department of Defense (DoD) Military
Personnel Composite Standard Pay and Reimbursement Rates

The FY 2006 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) (OUSD(C)) 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 \$6,273 to cover medical health care costs of active duty personnel and their dependents.

Questions regarding these rates should be directed to Mr. Kevin Lannon in the Office of the Deputy Comptroller (Program/Budget), Directorate for Military Personnel and Construction. He can be reached by e-mail: kevin.lannon@osd.mil, or by telephone at 703-697-3101x131.

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

John P. Roth
Deputy Comptroller

Attachments:
As stated

MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
FISCAL YEAR 2006

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 \$5,652 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 Service’s personnel accounts during the year of execution (FY 2006).

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 \$6,273** to cover medical health care costs of active duty personnel and their dependents. The acceleration factor in previous years was based on a percentage of the DoD Composite Rate (8 percent for officers; 16% for enlisted).
- Rates **exclude** the per capita normal cost of \$5,652 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 2006).

The FY 2006 Military Composite Standard Pay and Reimbursement Rates for Army, Navy, Marine Corps and Air Force are effective October 1, 2005.

**MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
DEPARTMENT OF THE ARMY
FOR FISCAL YEAR 2006 ^{1/}**

MILITARY PAY GRADE	AVERAGE BASIC PAY	ANNUAL DOD COMPOSITE RATE ^{2/}	ANNUAL RATE BILLABLE TO OTHER FEDERAL AGENCIES ^{3/ 4/}
O-10	\$149,200 ^{5/}	\$222,600	\$223,221
O-9	145,790	221,248	221,869
O-8	131,844	208,585	209,206
O-7	116,904	185,433	186,054
O-6	98,718	181,154	181,775
O-5	79,521	150,746	151,367
O-4	67,861	133,187	133,808
O-3	53,984	108,332	108,953
O-2	40,726	83,877	84,498
O-1	29,561	64,474	65,095
WO-5	\$72,718	\$134,609	\$135,230
WO-4	62,627	118,008	118,629
WO-3	52,738	109,584	110,205
WO-2	42,234	91,339	91,960
WO-1	36,315	74,414	75,035
E-9	\$60,040	\$107,793	\$108,414
E-8	48,278	93,273	93,894
E-7	40,805	80,986	81,607
E-6	32,604	71,132	71,753
E-5	26,866	58,690	59,311
E-4	21,225	49,046	49,667
E-3	17,459	40,264	40,885
E-2	15,845	37,872	38,493
E-1	12,748	37,707	38,328
CADETS	\$10,072	\$19,078	Not applicable

Notes:

- 1/ Effective fiscal year 2005, military personnel services for Foreign Military Sales shall be priced using the Annual DoD Composite Rate that includes 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 \$5,652 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 \$6,273 for all personnel. **Excludes** per capita normal cost of \$5,652 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 \$149,200 per year.

**MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
DEPARTMENT OF THE NAVY
FOR FISCAL YEAR 2006 ^{1/}**

MILITARY PAY GRADE	AVERAGE BASIC PAY	ANNUAL DOD COMPOSITE RATE ^{2/}	ANNUAL RATE BILLABLE TO OTHER FEDERAL AGENCIES ^{3/4/}
O-10	\$149,200 ^{5/}	\$229,169	\$229,790
O-9	145,790	226,076	226,697
O-8	135,175	213,201	213,822
O-7	119,855	193,835	194,456
O-6	100,945	182,998	183,619
O-5	81,447	158,988	159,609
O-4	68,881	141,331	141,952
O-3	55,501	121,723	122,344
O-2	43,510	96,251	96,872
O-1	32,308	79,366	79,987
WO-5	\$75,072	\$135,834	\$136,455
WO-4	68,471	132,804	133,425
WO-3	56,833	113,456	114,077
WO-2	48,418	106,004	106,625
WO-1	----	----	----
E-9	\$60,484	\$113,962	\$114,583
E-8	48,708	96,811	97,432
E-7	41,364	86,491	87,112
E-6	34,014	75,099	75,720
E-5	27,047	64,201	64,822
E-4	21,949	53,708	54,329
E-3	18,615	45,695	46,316
E-2	16,988	41,224	41,845
E-1	14,648	37,351	37,972
CADETS	\$10,350	\$20,067	Not applicable

Notes:

- 1/ Effective fiscal year 2005, military personnel services for Foreign Military Sales shall be priced using the Annual DoD Composite Rate that includes 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 \$5,652 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 \$6,273 for all personnel. **Excludes** per capita normal cost of \$5,652 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 \$149,200 per year.

**MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
U.S. MARINE CORPS
FOR FISCAL YEAR 2006 ^{1/}**

MILITARY PAY GRADE	AVERAGE BASIC PAY	ANNUAL DOD COMPOSITE RATE ^{2/}	ANNUAL RATE BILLABLE TO OTHER FEDERAL AGENCIES ^{3/ 4/}
O-10	\$149,200 ^{5/}	\$210,453	\$211,074
O-9	145,790	206,139	206,760
O-8	135,162	192,559	193,180
O-7	120,026	190,545	191,166
O-6	103,533	174,830	175,451
O-5	83,388	149,249	149,870
O-4	69,908	129,484	130,105
O-3	57,876	112,051	112,672
O-2	44,576	91,784	92,405
O-1	31,474	69,588	70,209
WO-5	\$74,637	\$133,650	\$134,271
WO-4	65,814	119,789	120,410
WO-3	54,547	105,626	106,247
WO-2	46,172	92,676	93,297
WO-1	40,552	86,184	86,805
E-9	\$62,053	\$109,572	\$110,193
E-8	49,369	91,435	92,056
E-7	40,823	78,970	79,591
E-6	33,002	68,591	69,212
E-5	26,214	57,537	58,158
E-4	21,657	48,589	49,210
E-3	18,574	42,623	43,244
E-2	17,000	38,711	39,332
E-1	14,495	35,005	35,626

Notes:

- 1/ Effective fiscal year 2005, military personnel services for Foreign Military Sales shall be priced using the Annual DoD Composite Rate that includes 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 \$5,652 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 \$6,273 for all personnel. **Excludes** per capita normal cost of \$5,652 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 \$149,200 per year.

**MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
DEPARTMENT OF THE AIR FORCE
FOR FISCAL YEAR 2006 ^{1/}**

MILITARY PAY GRADE	AVERAGE BASIC PAY	ANNUAL DOD COMPOSITE RATE ^{2/}	ANNUAL RATE BILLABLE TO OTHER FEDERAL AGENCIES ^{3/ 4/}
O-10	\$149,200 ^{5/}	\$224,626	\$225,247
O-9	145,790	220,050	220,671
O-8	135,167	206,832	207,453
O-7	119,818	185,567	186,188
O-6	100,352	177,888	178,509
O-5	80,895	156,990	157,611
O-4	69,009	139,631	140,252
O-3	55,140	115,065	115,686
O-2	45,346	90,580	91,201
O-1	35,989	76,417	77,038
WO-5	----	----	----
WO-4	----	----	----
WO-3	----	----	----
WO-2	----	----	----
WO-1	----	----	----
E-9	\$61,354	\$107,515	\$108,136
E-8	50,147	92,497	93,118
E-7	42,405	81,851	82,472
E-6	34,795	71,906	72,527
E-5	28,029	63,026	63,647
E-4	22,551	52,200	52,821
E-3	18,928	43,970	44,591
E-2	17,079	39,587	40,208
E-1	14,421	34,528	35,149
CADETS	\$10,392	\$19,266	Not applicable

Notes:

- 1/ Effective fiscal year 2005, military personnel services for Foreign Military Sales shall be priced using the Annual DoD Composite Rate that includes 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.
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- 5/ Basic pay for these officers is limited to the rate of basic pay for Level III of the Executive Schedule, which currently is \$149,200 per year.