CBO TESTIMONY

Statement of
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on
Military Pay

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Committee on Armed Services
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NOTICE

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Mr. Chairman and Members of the Subcommittee, I am pleased to have this opportunity to testify on the so-called military "pay gap," the amount by which military pay raises seem to have lagged behind raises in the civilian economy over the past 10 years or more. That issue is part of a larger Congressional Budget Office (CBO) study also requested by this Subcommittee. The full study, which CBO expects to complete later this year, will examine the structure of military pay and allowances as well as the overall level of pay.

According to widely reported estimates, a pay gap developed rapidly during the 1980s. The Army, Navy, and Air Force *Times* regularly report those estimates, and many people accept the existence of a gap as a simple fact. According to a February 20, 1995, article in the *Navy Times*, the gap stood at 12.8 percent following the most recent military pay raise.

This testimony makes two basic points and provides cost estimates for some illustrative military pay raises above those planned by the Administration. First, the military pay gap must be thought of not as a single number but rather as a range. There are many ways to calculate the gap, and the most commonly reported number is toward the upper end of the range of possible estimates. Using the same basic measure of civilian earnings and assumptions that underlie the reported estimate of the pay gap, but applying them in a different manner, CBO finds a gap only about half as large as is commonly reported. An alternative measure of raises in the civilian

economy, which was developed for the Department of Defense (DoD) as part of the Seventh Quadrennial Review of Military Compensation four years ago, indicates that military pay raises may actually have exceeded pay raises for comparable civilian workers.

Second, a pay gap, if one existed, would not necessarily indicate problems for the military in competing with civilian employers, nor would it mean that military personnel are underpaid or are not fairly compensated for their sacrifices. Pay is only one of many factors in individual decisions to join the military or continue in service, and it represents only one of many tools that the services use to influence those decisions. Notably, during the 1980s, when most of the reported pay gap developed, retention was strong and recruit quality was rising rapidly.

Some people may interpret a reported pay gap as meaning that the military is underpaid in absolute terms—that people are paid less than they could earn in comparable jobs in the private sector or that junior personnel, in particular, are paid too little to afford a decent standard of living. Unfortunately, there is no easy or generally accepted way to measure pay comparability for military personnel, and it is only by assumption, and not through any formal study, that certain years are accepted as times when military pay was "about right" in comparison with civilian pay. Judging the equity of military pay is even more problematic and largely a matter of policy rather than analysis. Estimates of a pay gap do little to help in that judgment. What

was a "fair" level of pay when the main threat was a Soviet invasion of Europe or a nuclear attack may be too high or low in today's very different environment.

Closing the reported pay gap would be costly. Simply maintaining the current position of military pay, relative to the index of pay in the private sector that is used in the pay-adjustment process for federal civilians, would add $4.7 billion to defense budget authority over the 1996-2000 period. Adding an extra 2 percentage points to the raise each year, to roughly close the reported gap over six years, would cost an additional $17.3 billion over the 1996-2000 period.

MEASURING THE PAY GAP

Of the various methods that might be used to calculate a military pay gap, this testimony focuses on three that together illustrate a wide range of possible answers. All look at changes in military pay since the beginning of fiscal year 1982, when a "catch-up" raise was widely believed to have restored military pay to the position it held relative to pay in the civilian sector at the start of the modern volunteer era. The first method is used by the Department of Defense and shows a gap of 12.1 percent

after the 1994 military pay raise.[1] CBO developed the second method by applying the same basic assumptions and measure of growth in civilian earnings as the DoD method in what seems a more appropriate way. The result suggests that the gap was about 5.3 percent. The third method uses a different measure of increases in civilian pay than the other two. That measure was developed by RAND, the California-based research organization, to reflect unique characteristics of the military population. The method produces a negative gap, indicating that military pay rose faster than the pay of comparable civilians during the 1980s.

DoD and CBO Estimates Based on the Same Assumptions

Both the DoD method and the CBO alternative compare military pay raises with changes in a version of the employment cost index (ECI), reported quarterly by the Bureau of Labor Statistics.[2] Three factors account for the difference between the DoD estimate of 12.1 percent and the CBO estimate of 5.3 percent (see Table 1).

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1. The estimate of 12.1 percent is drawn from a table prepared by the Directorate for Compensation, Office of the Assistant Secretary of Defense (Force Management Policy), "Military Pay in Comparison with ECI and CPI" (December 15, 1994). A slightly different estimate, produced by the Retired Officers Association (TROA), places the 1994 gap at 12.3 percent. See TROA table, "Comparison of Military Pay, ECI, and CPI Increases" (February 16, 1994). The difference stems from the latter's attempt to base the comparison on 1972 rather than 1982. Because the employment cost index did not become available until 1975, however, this attempt requires linking to a different, unrelated index of civilian earnings for its early years. The TROA method shows a gap of 0.2 percent in 1982, which it carries forward into more recent years.

2. ECI here refers to the employment cost index for wages and salaries of private-industry workers. The DoD method for computing the pay gap relies on this index starting in 1992 and on another version of the ECI that includes state and local government workers before 1992.

TABLE 1. DOD AND CBO ESTIMATES OF THE PAY GAP BASED ON THE EMPLOYMENT COST INDEX AND FACTORS AFFECTING THE DIFFERENCE (In percent)

	Gap/Adjustment
DoD Estimate of Gap After 1994 Raise	12.1
CBO Adjustments	
Measure ECI change over same period as military pay	- 6.2
Allowances for subsistence and housing included	- 2.2
Minor adjustments	1.7
CBO Estimate of Gap	5.3

SOURCE: Congressional Budget Office

NOTES: ECI = employment cost index. The CBO estimate is for a a typical person, represented by an E-5 receiving allowances at the with-dependents rate and with the median years of service for the grade. Numbers may not add to total because of rounding.

More than 6 percentage points of the difference arise because the DoD method includes some months of high inflation before the 1982 raise in the civilian side of the comparison; CBO instead compares the growth in military and civilian pay over exactly the same period. Housing allowances, including both the basic allowance for quarters and the variable housing allowance, account for another 2 percentage points. Those allowances are an integral part of military compensation and rose faster than military basic pay during the period of comparison. CBO includes housing allowances in the comparison; the DoD method does not. The rest of the difference stems from some minor adjustments working in the opposite direction, including accounting for a shift in the date of the annual pay raise from October to January.[3]

3. The comparison shown collapses several minor differences between the methods into the "minor adjustments." In particular, the DoD method uses two different versions of the ECI, one for raises before 1992 and the other—the index that CBO uses throughout its calculation— beginning with the 1992 raise. Accounting for the minor differences in an alternative way could reduce the portion of the difference in estimates from CBO's measurement of military and civilian pay increases over the same period to about 4 percent.

CBO estimated the pay gap by comparing military and civilian pay increases over the period from October 1, 1981 (the date of the fiscal year 1982 pay raise) to January 1, 1994. Over that period, the pretax paycheck of a typical person in the military, which includes allowances for subsistence and housing, rose by 54.1 percent. Over that same period, the ECI rose by 62.3 percent. The difference between the two increases, expressed as a percentage of military pay in 1994, is 5.3 percent.

The largest share of the difference between the CBO and DoD estimates of the gap comes from a rather minor difference in method. The DoD method relies on what might be called "hypothetical raises"—the raises that should have been granted each year according to the civilian-pay index that DoD was monitoring at the time. In setting the annual pay raise, the Administration and the Congress must rely on information available before they decide on the raise. For example, under current law the 1996 raise for military personnel would be based, through the link with federal civilians, on the increase in the ECI from September 1993 to September 1994. Using information available before each pay raise may mean a raise that is too large or small to offset the erosion in military pay since the previous raise. Over time, however, those minor errors even out.

In calculating a pay gap starting from 1982, the errors in the hypothetical raises are not so minor and have never evened out. The early part of the 1980s was marked by high inflation in both prices and wages, which steadily declined as the

decade progressed. As a result, the raises indicated by the index of civilian pay were consistently higher than necessary to make up for the actual erosion in military pay between raises. For example, the ECI used in DoD's calculation of an appropriate raise for 1983 indicated that the raise should have been more than 8 percent. The actual increase in the ECI between the 1982 and 1983 raises was under 7 percent. Similar differences continued to appear as the rate of increase in wages diminished year by year through the 1980s. Using year-old data is a fact of life for decisionmakers setting the annual pay raise, but it can give a misleading impression of how far military pay has lagged behind civilian pay.

Measuring the Pay of Comparable Civilians: A Negative Pay Gap

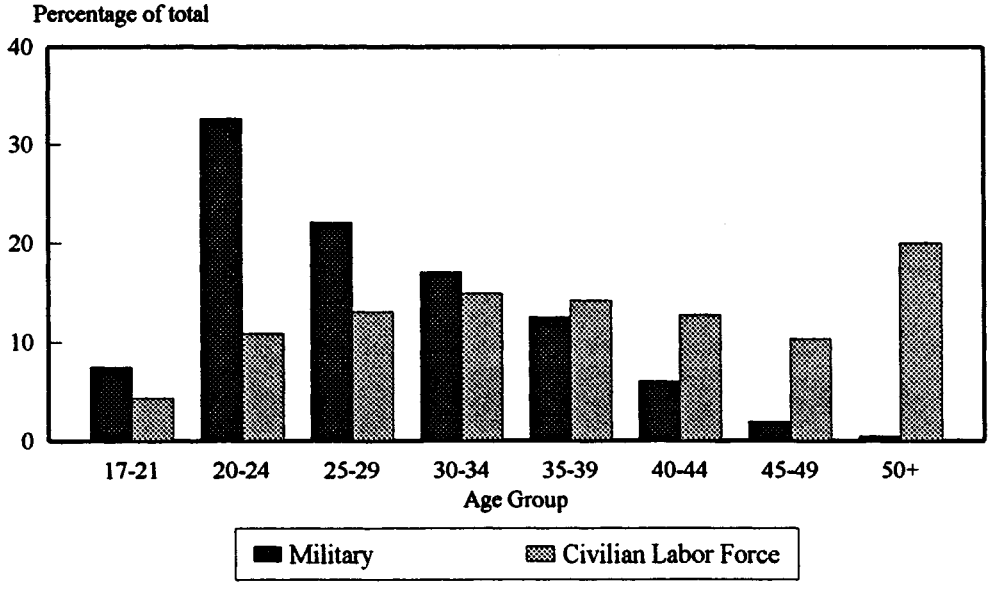
The employment cost index is not the only measure of civilian earnings that can be used to measure a military pay gap. An alternative index, which may better track the earnings of civilian workers who are truly comparable to the military population, actually shows military pay outpacing civilian pay since 1982—or a negative pay gap.

Military personnel differ in some important ways from the population of all civilian workers (see Figure 1). They are much younger on average—40 percent are under age 25, and fewer than 5 percent are over 45. In terms of education, nearly 24

percent of civilian workers have college degrees, which compares with the 14 percent of military personnel who are officers (few enlisted personnel are college graduates). Thus, over any specific time period, a general index such as the ECI might not track well the earnings of civilian workers who are truly comparable to the military population.

The contrasts in age and education between military and civilian workers are important for pay comparisons because not all workers equally shared the growth in civilian earnings during the 1980s and early 1990s. In particular, the pay of college-educated workers rose faster than that of people with only a high school diploma, and

FIGURE 1. DISTRIBUTION BY AGE GROUP OF MILITARY PERSONNEL AND THE CIVILIAN LABOR FORCE (In percent)



SOURCE: Department of Defense.

NOTE: Data are for fiscal year 1992.

the pay of older workers rose faster than that of younger workers (particularly among those who did not go beyond high school).

Concerns about the usefulness of such general indexes as the ECI, and the record of strong military recruiting and retention despite a reportedly growing pay gap, led DoD to sponsor an important study by RAND that was published in 1992. The study developed an alternative index, which it called the defense employment cost index (DECI), by matching military personnel with civilian counterparts based on age, education, and occupation. The DECI cannot be as timely as the ECI, but it provides a useful alternative when one is examining the performance of past pay raises. In addition, a separate DECI can be created for any subgroup of the military population to examine the possibly differing changes over time in the civilian-pay alternatives of, say, officers and enlisted personnel.[4]

Differences in the growth of civilian earnings among segments of the population drive the sharply different picture of a military pay gap based on the DECI rather than the ECI (Figure 2). Instead of a large and growing gap, the comparison with the DECI suggests that military pay roughly kept pace with the pay of comparable civilian workers through the 1980s and then moved ahead during the

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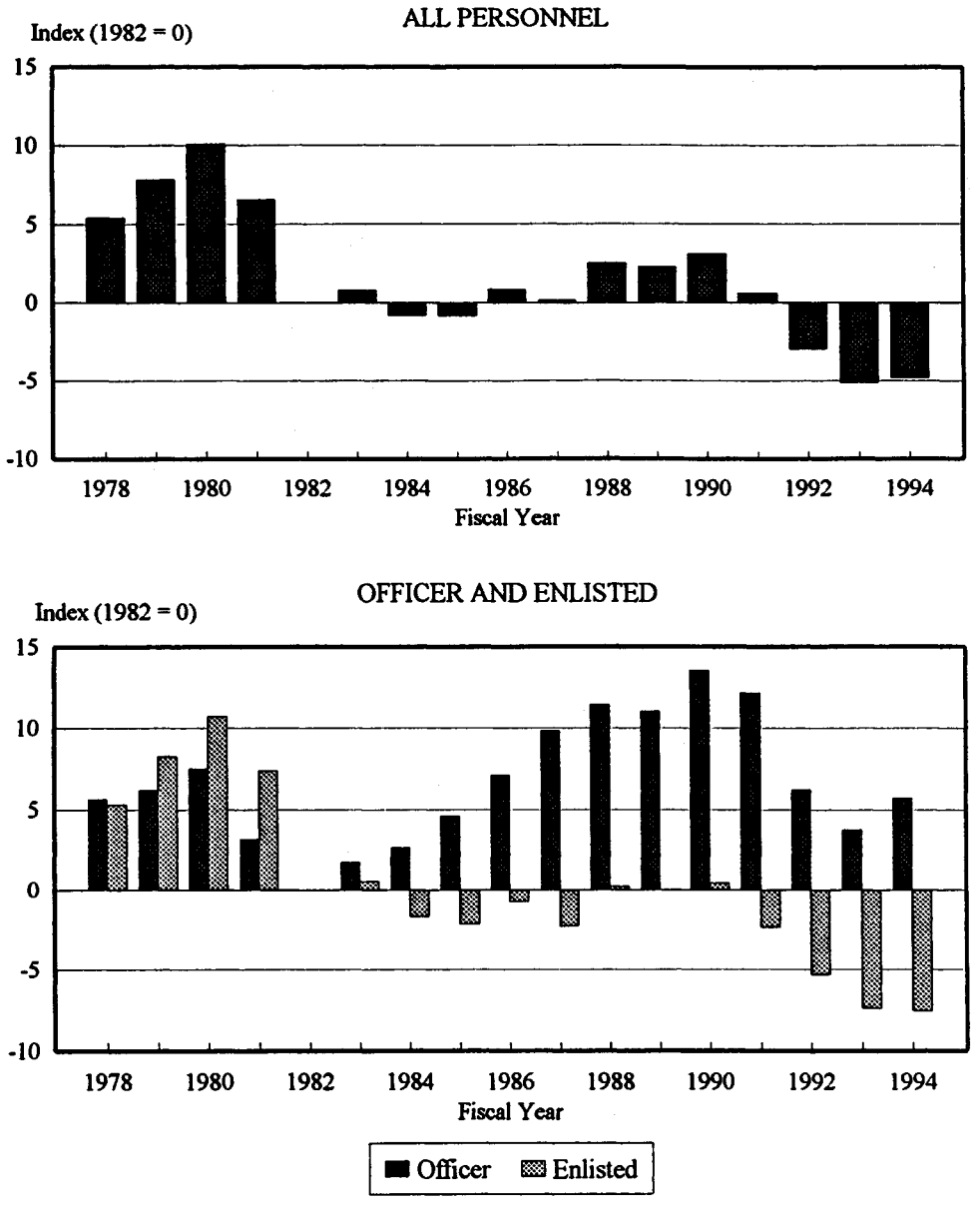
4. For a more complete discussion of the DECI, see James R. Hosek and others, *A Civilian Wage Index for Defense Manpower*, R-4190-FMP (Santa Monica, Cal.: RAND, 1992); and James R. Hosek, Christine E. Peterson, and Joanna Zorn Heilbrunn, *Military Pay Gaps and Caps*, MR-368-P&R (Santa Monica, Cal.: RAND, 1994). The index is also discussed in Department of Defense, Seventh Quadrennial Review of Military Compensation, *Annual Pay Adjustment: Major Topical Summary (MTS) 5* (August 1992).

FIGURE 2. MILITARY PAY GAPS BASED ON THE DEFENSE EMPLOYMENT COST INDEX (In percent)



SOURCE: Congressional Budget Office. Data on defense employment cost index developed and supplied by RAND.

NOTES: Pay gap = (change in civilian pay index - change in military pay index) / (military pay index). All changes measured from 1982.

Civilian pay index = defense employment cost index. The value for each fiscal year represents average earnings in the previous calendar year. Indexes for officers and enlisted personnel are based on characteristics of those two groups.

Military pay index is based on military basic pay only. The value for each fiscal year represents the pay level after that year's pay raise.

The gap estimates differ from those published by RAND because RAND attributes military pay raises to specific fiscal years differently.

1990s. In 1994, the gap was negative 4.8 percent; that is, between 1982 and 1994, military pay rose by more than the DECI.

For some subgroups of the military population, comparing military pay raises with the raises of comparable civilians shows important differences. As might be expected, officers (most of whom are college educated) have not fared as well, relative to their civilian counterparts, as have people in the enlisted grades. Other comparisons show the most junior enlisted personnel, those with fewer than five years of service, doing particularly well. For that group, the gap in 1994 was a negative 11 percent.

The DECI is not a perfect tool for examining past pay changes, and it is even less useful as a tool in the annual pay-adjustment process. As currently derived, the index is not timely enough to drive the annual pay raise. The value for 1994, for example, comes from survey data collected in March 1995 and not available for analysis until some months later—too late to determine the 1996 raise. (An alternative, more timely procedure might be possible but has not yet been explored.)

The DECI is also considerably more volatile than the ECI. Over the last five years, the annual changes in the DECI ranged from a high of 4.5 percent to a low of 0.5 percent, whereas changes in the ECI ranged from 4.4 percent to 2.7 percent. Although the volatility in average civilian earnings indicated by the DECI may be

quite real, incorporating it into annual military pay raises might not be good policy. Certainly, it would be hard to explain to people in the military why they should receive an across-the-board pay raise of 4 percent one year and no raise at all the next. The volatility would also make future changes in the DECI difficult to predict, greatly complicating the job of DoD budget planners.

As a tool for examining past pay changes—that is, for calculating the pay gap (positive or negative)—the DECI suffers, as does any practical alternative, from an inability to capture all of the factors that determine potential civilian earnings for individuals. In particular, it is well known that the quality of new military recruits improved dramatically during the 1980s. That improvement was not only in terms of education, which the DECI does account for, but in test scores as well. The fraction of recruits scoring in the upper half on the military's "entrance exam," the Armed Forces Qualification Test, rose from 52 percent in 1982 to 69 percent in 1990. Presumably, the higher-scoring recruits of recent years had better civilian earning prospects, relative to their peers, than did their lower-scoring counterparts of the early 1980s. The DECI cannot capture that factor.

Although the DECI is not a perfect tool for examining the adequacy of military pay, it offers one big advantage over the alternatives: it explains why a reportedly growing pay gap through the 1980s was not accompanied by growing difficulties in recruiting and retention. Evidently, the young high school graduates

whom the services sought to attract and retain found military pay to be keeping up rather well with the pay that they, lacking a college degree, could find in the civilian world.

WHAT DOES A PAY GAP MEAN?

The range of possible values of the current pay gap, from positive to negative, may give a person reason to question the usefulness of the very concept of a gap. Even if everyone could agree on a precise number for the gap, however, the question would remain as to how decisionmakers should use that number in setting policy.

The apparent existence of a pay gap can mean different things to different people. To some, a gap may imply that the services must be unable to attract and retain quality personnel—that is, that military pay is not competitive. To others, it may suggest an absolute comparison—that military personnel are underpaid relative to their civilian counterparts. To still others, it suggests that the men and women of the military are being treated unfairly.

Pay Competitiveness

Although pay is an important element in the military's ability to compete as an employer with the civilian sector, a pay gap is at best only one indicator of possible problems in recruiting and retention. Better indicators are available. The military services do not simply look to a reportedly growing gap and conclude that they must devote more resources to recruiting and increase reenlistment bonuses. Rather, they rely on their own observations of difficulties in recruiting and retention. If problems in both areas became severe, the services would press for a large pay raise regardless of what any particular estimate of a pay gap showed. Conversely, they probably would not offer to divert money from other areas of their budgets to support a large raise that did not seem warranted by personnel problems, even if the reported gap continued to grow. In short, pay is only one of many factors that affect people's decisions to enter and remain in the military—and, according to surveys, far from the most important.

In addition to pay, the services offer monetary benefits including retirement pay, educational assistance (in-service and veterans'), and a large number of special and incentive pays based on an individual's assignment and duties. Nonmonetary benefits include commissary and exchange privileges, health and dental care, paid vacation and holidays, legal assistance, and child care. Virtually all recruits are trained in a military skill, which for some may be useful in a civilian career. The services also

use paid advertising to attract recruits, assign substantial numbers of career personnel as dedicated recruiters, and offer scholarships to college students willing to commit themselves to a military career. To retain trained personnel, the services offer reenlistment bonuses and career continuation pay. Finally, the services are often in the position of continuing to hire new people when civilian employers are not, since the need for national defense does not vary with the business cycle.

The ability of the services to attract and retain quality personnel can be affected by factors over which the services have no control. The state of the civilian economy is one such factor, as indicated above. Decisions to employ U.S. forces abroad and the general risk of combat are others. Recently, a new factor may have entered the picture: with military reductions, potential recruits may believe that the services are no longer hiring or that they no longer offer stable employment.

If pay is not the only factor determining the competitiveness of the military as an employer, it is nonetheless a significant one. Numerous studies have examined the role of pay in both recruiting and retaining enlisted personnel and have established clear (if not always precise) relationships. Other things being equal, a drop in the pay of military personnel, relative to what civilian employers offer, can be expected over time to reduce the quality, if not the absolute number, of new military recruits and to cause more people to leave the military when their service obligations end.

Pay Comparability

A reported pay gap does not necessarily mean that a member of the military is being paid less in absolute terms than a civilian worker doing similar work under similar conditions, nor would someone's finding of a negative gap indicate that military personnel are overpaid. A determination of either sort would require a much more careful study than a simple comparison of pay raises and, for that reason among others, has seldom been performed. The large pay raise of 1982, for example, was not based on any study of pay comparability. Perhaps more important, pay comparability is extremely difficult to define in practice, precisely because of the unique conditions of employment in the military.

Military service places some unusual demands on service members, and it offers some unusual rewards. Many members are regularly sent to overseas assignments or on board ships, where they cannot take their families. In recent years, those assignments have often come with little warning. People in the military can be called to duty at any time and are subject to strict discipline. And, of course, military service by its very nature subjects members to risks that are rarely seen in civilian jobs.

Among the rewards that people in the military can expect are the array of fringe benefits already mentioned, plus a fairly secure career, a generous retirement system, and perhaps a sense of doing something important. For some, it may also

offer more subtle advantages. For example, despite occasional reported problems, members of minority racial and ethnic groups apparently find the concept of equal opportunity to be more truly realized in the military than in the civilian world.

Placing a value on many of the benefits of military service is possible, although most attempts would have to rely on the costs of providing them rather than on estimates of the value that service members place on them. Putting a price on some of the benefits and on the unusual demands would be far more difficult. On a net basis, they would simply represent the difference between military and civilian pay after everything possible had been put in money terms. Labeling that residual as either an underpayment or an overpayment is merely giving a name to all the unknowns.

Equity

Concerns about the fairness of military compensation arise because of the perception that military service imposes unique burdens including, of course, the risk of death or serious injury. Private employers can let the market decide how such burdens should be compensated: if deep-sea diving is very dangerous, then (other things being equal) deep-sea divers will be well paid. When the nation is the employer, however, it may feel that the market alone is not adequate.

Recently, some observers have questioned the fairness of pay for junior military personnel, but estimates of a pay gap do not inform that debate. Stories of military families on food stamps, or unable to afford decent housing, fuel the concern. In fact, civilian workers with comparable education and experience most likely face similar difficulties. Even if the concern is valid, however, an estimated pay gap is a statement about the pay of all people in the military, not just its youngest members. A general pay raise is a very expensive way to improve the lot of young military families.

Ultimately, the question of what constitutes a fair level of military pay must be a matter for political judgement; it cannot be decided by objective analysis. It may be tempting to interpret a reported pay gap as meaning that pay is now unfair, but that merely passes the buck. How does one decide when pay was fair? Moreover, the reported gap developed during a period of tremendous change for the military. What was a fair level of pay when the main threat was a global war with the Soviet Union may be too high or low in today's environment.

THE FUTURE OF MILITARY PAY RAISES

How big should military pay raises be in the future? The Administration plans to limit military pay raises through 1999 to the increase in the employment cost index minus

one-half of a percentage point. Limiting raises below the level of ECI increases would tend to add to the pay gap, whatever it may be, or to gradually eliminate a negative gap if that is the current situation. Granting raises equal to the full increase in the ECI, however, would not be inexpensive. Granting even bigger raises, based on the premise that the pay gap is currently 12 percent or more, would require a substantial increase in the defense budget.

The Link to the Raises of Federal Civilians

Defense Secretary William Perry has described the planned military pay raises of ECI minus one-half of a percentage point as "the full pay raises allowed by law." In fact, any legal limits on military raises are only indirect. The law governing military pay raises provides for military personnel to receive an automatic increase of equal percentage to what federal civilian employees receive in their base pay. In practice, however, recent history has made the legal link between military and civilian pay largely irrelevant. Only once since 1980 has the automatic mechanism for adjusting military pay been allowed to operate. In every other year, the Congress has legislated specific military pay raises, even when the raise was the same as that granted to federal civilian workers.

The Administration apparently plans to seek military pay raises equal to the increase in the ECI minus one-half of a percentage point because that is the size of the across-the-board raises for federal civilians provided for under law and because the required automatic adjustments in military pay are linked to those raises. Another factor behind that plan may be that throughout most of the 1980s military pay raises were apparently smaller than they should have been—that is, a pay gap developed—with no apparent harmful effects. As discussed above, the reason no harmful effects occured may be that the pay gap that developed was not nearly as large as commonly reported. Indeed, in comparison with the pay of civilian workers who are truly comparable with the military population, military pay may even have risen disproportionately.

The 1990 law that set ECI minus one-half of a percentage point as the basis for the raises of federal civilians also established the new system of locality pay for those workers, effectively giving them two raises each year. As the law was written, the average total raise for civilian employees would actually exceed the ECI increase for several years, until all measured local pay gaps were closed to 5 percent. After that, the sum of across-the-board and average locality-based raises would roughly equal the ECI increase.

The Administration does not plan to let the automatic adjustment mechanism determine federal civilian raises. Rather, it intends to hold the total raise to ECI minus

one-half of a percentage point through 1997 and "makes no assumption about how to distribute the pay raise between locality pay and a national schedule adjustment."[5] After 1997, civilian raises would equal the increase in the ECI minus 1.5 percent (a similar reduction in the military raises would begin in 2000).

The automatic link between the civilian and military pay raises would give military personnel only the across-the-board raises of federal civilians but not the portion allocated to increases in locality pay. Those lower raises are "the full pay raises allowed by law." However, the Administration plans to give both groups the same average total raise each year, at least through 1997. Thus, the Administration's plan eliminates for the time being the unequal treatment that the 1990 law creating civilian locality pay effectively established, if not the effects of the "ECI minus one-half" provision.

Against the background of the Administration's plan to seek legislated pay raises each year for both civilian and military workers, the Congress may want to consider whether the provision for ECI minus one-half of a percentage point is appropriate for the military. Limiting raises to that level might not do any harm, if the earnings prospects of young high school graduates in the civilian economy continue to fall relative to those of older workers and college graduates. That trend could be reversed, however, in which case even raises equal to the full increase in the ECI

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5. *Budget of the United States Government, Fiscal Year 1996: Budget* (1995), p. 157.

might not be sufficient to maintain recruit quality and personnel retention at desired levels. On balance, planning on sustained limits on military pay raises may be unrealistic, as eventually recruiting and retention problems would almost certainly appear.

Costs of Higher Military Pay Raises

Compared with the Administration's plan, granting military pay raises equal to the full increase in the ECI would add $0.2 billion to defense budget authority in fiscal year 1996 and $4.7 billion over the 1996-2000 period (see Table 2). Additional raises of 2 percent each year—big enough to roughly close the reported pay gap over six years—would increase costs by a further $0.9 billion in 1996 and $17.3 billion over the 1996-2000 period. When fully implemented in 2002, such a "catch-up" raise would add $8.6 billion to defense costs in that year.

CONCLUSION

The phrase "military pay gap" conveys the impression that military personnel are paid less than they could obtain in the civilian economy. To many people, that is a simple fact. An estimated gap of more than 12 percent has been widely reported.

In fact, there are many ways to calculate a gap, and the range of values that can be derived from credible methods is quite wide. According to one estimate, military pay raises have even outpaced the increases in earnings of comparable workers in the civilian sector.

Perhaps more important, any estimate of a gap only indicates how relative pay has changed, not how pay compares in an absolute sense. A positive pay gap does not necessarily mean that military personnel are paid too little any more than a negative gap implies that they are paid too much.

A pay gap is not a very clear indicator of the military's competitiveness as an employer. Pay is only one factor in an individual's decision to join the military or to stay in. In a volunteer environment, the best indication of how well the military can

TABLE 2. COSTS FOR TWO ALTERNATIVE MILITARY PAY RAISE PLANS COMPARED WITH THE ADMINISTRATION'S PLAN
(By fiscal year, in billions of dollars of Department of Defense budget authority)

Plan for Military Pay Raises	1996	1997	1998	1999	2000	1996-2000
Equal to Full Increase in ECI	0.2	0.5	0.8	1.1	2.0	4.7
Additional 2 Percent Raise Each Year	0.9	2.1	3.3	4.7	6.3	17.3
Equal to Full Increase in ECI Plus 2 Percentage Points	1.1	2.6	4.1	5.9	8.2	21.9

SOURCE: Congressional Budget Office.

NOTES: ECI = employment cost index. Costs in the total federal budget would be less because the accrual costs for military retirement are offset elsewhere in the federal budget. Numbers may not add to totals because of rounding.

compete as an employer is the overall picture of the services' success in recruiting and retention.