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NATIONAL SECURITY AND
INTERNATIONAL AFFAIRS DIVISION

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RELEASED

MARCH 15, 1985

The Honorable John C. Stennis
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
United States Senate



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Dear Senator Stennis:

Subject: Military and Federal Civilian Disposable Income
Comparisons Using January 1985 Pay Rates
(GAO/NSIAD-85-58)

This is in response to a February 15, 1985, request by your office that we update certain information on comparative disposable incomes that initially appeared on page 15 and in Appendix IV of our report on Military and Federal Civilian Disposable Income Comparisons and Extra Pays Received by Military Personnel (GAO/NSIAD-84-41, May 4, 1984). Enclosure I is a summary table updating the disposable income comparisons using January 1985 pay rates, and enclosure II provides more detailed information on these comparisons. While these comparisons show projected income for 1985, they do not show the effect of the Administration's requests for a July 1, 1985, 3 percent military pay raise, and an October 1, 1985, 5 percent cut in civil service pay.

The enclosed disposable income estimates rest on numerous simplifying assumptions about pays, family size, and taxes and are not intended to be representative of a typical military or civil service individual. The specific assumptions used are explained in footnotes to the enclosed tables; however, it is important to note the following:

- Estimates of state and federal income taxes assume a standard deduction, although many taxpayers, particularly homeowners and those with higher incomes, claim deductions which exceed the standard deduction. Because of the nontaxable nature of some military pay, larger itemized deductions would proportionately increase civil service disposable income to a greater extent than military disposable income.
- Both military and civil service personnel were assumed to be living in Virginia and paying Virginia state income taxes, although data shows that, because of the Soldiers' and Sailors' Civil Relief Act of 1940, a large percentage

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MILITARY AND FEDERAL CIVILIAN GROSS COMPENSATION
AND DISPOSABLE INCOME COMPARISON
JANUARY 1985 PAY RATES (note a)

Grade/Years of Service	Military			Grade/Step	Civil Service		
	Regular Military Compensation ^b	Disposable Income	Percentage		Gross Salary	Disposable Income	Percentage
0-10/26	\$88,839	\$56,974	64.1				
0-8/26	88,151	57,086	64.8				
0-7/26	78,753	52,146	66.2	Ex. Level I	\$86,200	\$49,375	57.3
				Ex. Level II	75,100	44,353	59.1
				Ex. Level V	68,700	41,457	60.3
				SES 3	66,232	40,325	60.9
0-6/22	65,898	45,306	68.8	SES 1	61,296	37,893	61.8
0-5/20	57,662	40,600	70.4	GS 15/4	57,488	36,018	62.7
0-4/16	49,338	36,047	73.1	GS 14/4	48,873	31,629	64.7
E-9/26	42,116	31,944	75.8	GS 13/3	40,105	26,837	66.9
0-3/6	38,987	29,429	75.5	GS 12/4	34,781	23,733	68.2
E-7/18	30,177	24,508	81.2	GS 11/4	29,018	20,201	69.6
0-2/2	28,165	22,545	80.0				
E-6/10	24,840	20,865	84.0	GS 9/4	23,985	16,715	69.7
0-1/1	22,148	17,276	78.0				
E-5/6	21,752	18,172	83.5	GS 7/1	17,824	12,513	70.2
E-4/3	16,840	13,711	81.4	GS 5/4	15,830	10,898	68.8
E-3/2	15,516	12,786	82.4	GS 5/1	14,390	10,283	71.5

^aFormal agreement has never been reached on the proper linkage between military and civil service grade levels in terms of equivalent levels of work, experience, and responsibility. Commonly used reference points established by the First Quadrennial Review of Military Compensation in 1967, and reconfirmed by the Third Quadrennial Review in 1976, equate 0-1 with GS-7, 0-3 with GS-12, 0-5 with GS-14, and 0-8 with GS-18 (currently capped at Executive Level V pay rates). The above comparisons do not use such reference points and do not imply any linkage in terms of job duties or responsibilities. Instead, these comparisons use a roughly similar gross salary to show how the special features of the military pay system affect disposable income relative to the civil service pay system.

^bSee encl. 11, p.6, for an explanation of RMC amounts used in this table.

CIVILIAN DISPOSABLE INCOME³

	A	B	C	D	E	F	G	H	I	J
	Civil Service Grade/Step	Family Size ^b	Salary	Federal Income Tax ^f	State Income Tax ^e	Retirement Contribution	Health Insurance Coverage ^g	Medicare Tax ^h	Disposable Income	Salary Percentage
Federal Executive Level										
	Level I	4	\$86,200	\$24,016	\$4,484	\$6,034	\$1,756	\$535	\$49,375	57.3
	Level II	4	75,100	19,354	3,845	5,257	1,756	535	44,353	59.1
	Level V	4	68,700	16,666	3,477	4,809	1,756	535	41,457	60.3
Senior Executive Service										
	ES-6	4	72,300	18,178	3,684	5,061	1,756	535	43,086	59.6
	ES-5	4	70,500	17,422	3,581	4,935	1,756	535	42,271	60.0
	ES-3	4	66,232	15,645	3,335	4,636	1,756	535	40,325	60.9
	ES-1	4	61,296	13,769	3,052	4,291	1,756	535	37,893	61.8
General Schedule										
	GS 15/4	4	57,488	12,322	2,833	4,024	1,756	535	36,018	62.7
	GS 15/1	4	52,262	10,336	2,532	3,658	1,756	535	33,445	64.0
	GS 14/4	4	48,873	9,195	2,337	3,421	1,756	535	31,629	64.7
	GS 13/3	4	40,105	6,337	1,833	2,807	1,756	535	26,837	66.9
	GS 12/4	4	34,781	4,860	1,527	2,435	1,756	470	23,733	68.2
	GS 11/4	4	29,018	3,442	1,196	2,031	1,756	392	20,201	69.6
	GS 9/4	3	23,985	2,570	941	1,679	1,756	324	16,715	69.7
	GS 7/4	2	19,606	1,969	723	1,372	1,756	265	13,521	69.0
	GS 7/1j	1	17,824	2,353	655	232	814	1,257	12,513	70.2
	GS 5/4	2	15,830	1,348	506	1,108	1,756	214	10,898	68.8
	GS 5/1j	1	14,390	1,632	460	187	814	1,014	10,283	71.5
	GS 3/2	1	11,840	1,182	343	829	814	160	8,512	71.9
	GS 1/1j	1	9,339	788	237	121	814	658	6,721	72.0

Note: Column I = Column C minus Columns D thru H.
 Column J = Column I divided by Column C.

