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

SEP 16 2004

COMPTROLLER

(Program/Budget)

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 2005 Department of Defense (DoD) Military Personnel Composite Standard Pay and Reimbursement Rates

The FY 2005 DoD military composite pay and reimbursement rates (Tabs K1-K5) 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 8 percent for officers and 16 percent for enlisted 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 Operations and Personnel. He can be reached by e-mail: lannonk@osd.pentagon.mil, or by telephone at 703-697-3101x131.

John J. Roth
Deputy Comptroller

Attachments

MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
FISCAL YEAR 2005

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.

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

The FY 2005 Military Composite Pay and Reimbursement Rates for Army, Navy, Marine Corps and Air Force are effective October 1, 2004.

MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
DEPARTMENT OF THE ARMY
FOR FISCAL YEAR 2005 [1/]

MILITARY PAY GRADE	AVERAGE BASIC PAY	ANNUAL DOD COMPOSITE RATE [2/]	ANNUAL RATE BILLABLE TO OTHER FEDERAL AGENCIES [3/]
O-10	$144,600 [4/]	$215,043	$232,247
O-9	144,558	215,758	233,019
O-8	130,970	199,215	215,152
O-7	116,125	180,720	195,178
O-6	98,766	175,928	190,002
O-5	80,000	145,941	157,617
O-4	68,149	126,746	136,886
O-3	53,397	100,883	108,954
O-2	40,602	78,991	85,310
O-1	30,822	62,982	68,021
WO-5	$71,757	$129,716	$140,094
WO-4	62,402	114,280	123,422
WO-3	52,615	105,323	113,749
WO-2	42,015	87,253	94,233
WO-1	35,727	69,657	75,229
E-9	$58,450	$104,933	$121,722
E-8	46,402	88,733	102,930
E-7	39,817	78,116	90,615
E-6	32,057	67,628	78,449
E-5	26,141	55,713	64,627
E-4	20,926	46,044	53,411
E-3	17,065	38,879	45,099
E-2	15,718	36,498	42,338
E-1	12,218	34,785	40,351
CADETS	$9,759	$18,221	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, medical health care accrual, basic allowance for housing, basic allowance for subsistence, incentive and special pay, and miscellaneous pay.

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 percent for officers and 16 percent for enlisted personnel.

4/ Basic pay for these officers is limited to the rate of basic pay for Level III of the Executive Schedule, which currently is $144,600 per year.

MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
DEPARTMENT OF THE NAVY
FOR FISCAL YEAR 2005 [1/]

MILITARY PAY GRADE	AVERAGE BASIC PAY	ANNUAL DOD COMPOSITE RATE [2/]	ANNUAL RATE BILLABLE TO OTHER FEDERAL AGENCIES [3/]
O-10	$144,600 [4/]	$226,551	$244,675
O-9	142,238	217,735	235,154
O-8	128,842	200,670	216,724
O-7	114,129	181,796	196,340
O-6	96,007	175,827	189,893
O-5	77,924	151,966	164,123
O-4	66,016	137,459	148,456
O-3	53,516	111,461	120,377
O-2	42,202	87,497	94,497
O-1	31,212	71,796	77,540
WO-5	$72,389	$125,853	$135,922
WO-4	65,717	125,642	135,693
WO-3	54,783	99,281	107,224
WO-2	45,719	98,621	106,511
WO-1	----	----	----
E-9	$58,363	$111,106	$128,883
E-8	47,200	94,699	109,850
E-7	40,188	83,708	97,101
E-6	33,156	72,739	84,377
E-5	26,331	61,760	71,642
E-4	21,249	51,073	59,244
E-3	17,949	43,777	50,781
E-2	16,465	39,771	46,134
E-1	14,206	36,013	41,775
CADETS	$9,722	$18,556	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, medical health care accrual, basic allowance for housing, basic allowance for subsistence, incentive and special pay, and miscellaneous pay.

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 percent for officers and 16 percent for enlisted personnel.

4/ Basic pay for these officers is limited to the rate of basic pay for Level III of the Executive Schedule, which currently is $144,600 per year.

MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
U.S. MARINE CORPS
FOR FISCAL YEAR 2005 [1/]

MILITARY PAY GRADE	AVERAGE BASIC PAY	ANNUAL DOD COMPOSITE RATE [2/]	ANNUAL RATE BILLABLE TO OTHER FEDERAL AGENCIES [3/]
O-10	$144,600 [4/]	$206,047	$222,531
O-9	143,665	205,311	221,736
O-8	130,974	189,093	204,221
O-7	116,429	192,964	208,401
O-6	100,421	169,174	182,708
O-5	80,845	143,986	155,505
O-4	69,113	125,641	135,692
O-3	56,672	108,523	117,204
O-2	43,454	87,665	94,678
O-1	32,877	69,774	75,356
WO-5	$72,441	$129,495	$139,854
WO-4	63,685	115,875	125,145
WO-3	52,976	101,788	109,931
WO-2	45,338	88,813	95,918
WO-1	39,458	77,383	83,574
E-9	$60,048	$108,956	$126,389
E-8	47,881	90,186	104,615
E-7	39,734	78,259	90,780
E-6	32,132	67,058	77,787
E-5	25,524	55,728	64,645
E-4	21,202	46,593	54,048
E-3	18,039	39,909	46,295
E-2	16,396	35,513	41,195
E-1	13,827	31,537	36,583

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, medical health care accrual, basic allowance for housing, basic allowance for subsistence, incentive and special pay, and miscellaneous pay.

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 percent for officers and 16 percent for enlisted personnel.

4/ Basic pay for these officers is limited to the rate of basic pay for Level III of the Executive Schedule, which currently is $144,600 per year.

MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
DEPARTMENT OF THE AIR FORCE
FOR FISCAL YEAR 2005 [1/]

MILITARY PAY GRADE	AVERAGE BASIC PAY	ANNUAL DOD COMPOSITE RATE [2/]	ANNUAL RATE BILLABLE TO OTHER FEDERAL AGENCIES [3/]
O-10	$144,600 [4/]	$224,176	$242,110
O-9	144,556	221,634	239,365
O-8	130,978	204,188	220,523
O-7	116,176	186,735	201,674
O-6	98,005	176,227	190,325
O-5	79,573	152,988	165,227
O-4	68,094	135,657	146,510
O-3	53,814	108,164	116,817
O-2	42,066	82,370	88,960
O-1	31,217	67,990	73,429
WO-5	----	----	----
WO-4	----	----	----
WO-3	----	----	----
WO-2	----	----	----
WO-1	----	----	----
E-9	$57,480	$104,273	$120,957
E-8	48,229	90,612	105,110
E-7	41,042	80,180	93,009
E-6	34,040	70,439	81,709
E-5	27,098	59,952	69,544
E-4	21,547	49,007	56,848
E-3	17,723	40,519	47,002
E-2	16,474	37,817	43,868
E-1	13,630	35,348	41,004
CADETS	$9,535	$18,150	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, medical health care accrual, basic allowance for housing, basic allowance for subsistence, incentive and special pay, and miscellaneous pay.

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 percent for officers and 16 percent for enlisted personnel.

4/ Basic pay for these officers is limited to the rate of basic pay for Level III of the Executive Schedule, which currently is $144,600 per year.