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Defense Primer: Regular Military Compensation

Congress sets compensation levels for members of the Armed Forces through statutory authorizations and appropriations. When people talk about military pay, they are often referring only to “basic pay.” Although basic pay is normally the largest component of the cash compensation a servicemember receives, there are other types of military pay, allowances, and tax benefits that add significantly to it. *Regular Military Compensation* (RMC) is a statutorily defined measure of the cash or in-kind compensation elements which all servicemembers receive every payday. It is widely used as a basic measure of military cash compensation levels and for comparisons with civilian salary levels.

In 2025, a single mid-grade enlisted servicemember (E-5) received an annual average of \$47,838 in basic pay, but an average of \$85,872 in RMC.

Regular Military Compensation (RMC)

RMC, as defined in law, is “the total of the following elements that a member of the uniformed services accrues or receives, directly or indirectly, in cash or in kind every payday: basic pay, basic allowance for housing, basic allowance for subsistence, and Federal tax advantage accruing to the aforementioned allowances because they are not subject to Federal income tax.” (37 U.S.C. §101(25)) Military compensation is structured much differently than civilian compensation, making comparison difficult. RMC provides a more complete understanding of the cash compensation provided to all servicemembers and therefore is usually preferred over basic pay when comparing military with civilian compensation, analyzing the standards of living of military personnel, or studying military compensation trends.

Basic Pay

For most servicemembers, basic pay is the largest element of the compensation they receive in their paycheck and typically accounts for about 60% of an individual’s RMC. Members of the Armed Forces in an eligible duty status receive basic pay, and the amount varies by pay grade (rank) and years of service (also called longevity). **Table 1** provides illustrative examples of basic pay rates.

Basic Allowance for Housing

All servicemembers are entitled to either government-provided housing or a housing allowance. About 30% of servicemembers receive government-provided housing (in the form of barracks, dormitories, ship berthing, or government-owned family housing). The remainder receive a housing allowance to offset the costs of renting or purchasing housing in the civilian economy, or for renting privatized housing on-base. For those living in the United States, this allowance is known as Basic Allowance for Housing (BAH).

The amount of BAH a servicemember receives is calculated annually to align with housing costs and is based on three factors: paygrade (rank), geographic location, and whether the servicemember has dependents. Paygrade and dependency status are used to determine the type of accommodation—or “housing profile”—that would be appropriate for the servicemember (for example, one-bedroom apartment, two-bedroom townhouse, or three-bedroom single family home). Geographic location is used to determine the average costs associated with each of these housing profiles in a given locality. The median costs of these housing profiles are the basis for BAH rates, with some additional adjustments made on the basis of paygrade (that is, an E-7 without dependents will receive more than an E-6 without dependents, even though the appropriate housing profile for both of them is “two bedroom apartment”). As a result of this methodology, BAH rates are much higher in some areas than others. The intention is that servicemembers of similar paygrade and dependency status are able to pay for roughly comparable housing quality regardless of their duty location. **Table 1** provides illustrative examples of annual BAH.

Basic Allowance for Subsistence

Nearly all servicemembers receive a flat rate monthly payment called the Basic Allowance for Subsistence (BAS) to defray their personal food costs. In 2025, monthly BAS was \$465.77 for enlisted personnel and \$320.78 for officers. BAS is the same regardless of whether the member has dependents. Those who do not receive BAS—for example, enlisted personnel in basic training—receive government-provided meals.

Federal Tax Advantage

While the various types of military pay—basic pay, special pay, and incentive pay—are considered part of gross income and are usually subject to federal income tax, military *allowances* are generally not subject to federal income tax. The tax advantage generated by the exemption of the housing and subsistence allowances from federal income tax is a part of RMC. **Table 1** provides the estimated tax advantage for the selected example pay grades, but the precise value of the federal tax advantage for an individual servicemember will vary depending on his or her unique tax situation.

Compensation Elements Not Included in RMC

RMC excludes special pays and bonuses, travel reimbursements, educational assistance, basic needs allowance, deferred compensation (i.e., an economic valuation of future retired pay and benefits), or any estimate of the cash value of nonmonetary benefits such as health care, child care subsidies, recreational facilities, and commissary and exchange benefits. As the value of these

forms of compensation can be substantial, RMC should not be considered a measure of *total* military compensation.

Table 1. Average Annual Compensation for Selected Paygrades
April 1, 2025, data; assumes all cash pay (e.g., BAH instead of government quarters)

Pay Grade	Rank	Basic Pay	BAH	BAS	Estimated Federal Tax Advantage	RMC
E-1	Private, Seaman Recruit, Airman Basic, or Specialist I	\$26,962	\$21,257	\$5,589	\$3,797	\$57,605
E-5	Sergeant, Petty Officer Second Class, or Staff Sergeant	\$47,838	\$26,487	\$5,589	\$6,284	\$86,199
E-8	Master Sergeant, First Sergeant, Senior Chief Petty Officer, or Senior Master Sergeant.	\$80,660	\$33,138	\$5,589	\$5,781	\$125,169
O-1	Second Lieutenant or Ensign	\$49,529	\$23,967	\$3,849	\$ 5,628	\$82,973
O-4	Major or Lieutenant Commander	\$112,637	\$38,031	\$3,849	\$10,397	\$164,915
O-6	Colonel or Captain	\$167,196	\$43,466	\$3,849	\$13,505	\$228,016

Source: Department of Defense, Selected Military Compensation Tables, April 1, 2025, “Detailed RMC Tables for All Personnel”, Page B-3. Pay table changes for junior enlisted went into effect on April 1, 2025. The most recent compensation tables available upon request from DOD (<https://militarypay.defense.gov/References/Greenbooks/>).

Notes: Rates rounded to nearest dollar; rows may not sum exactly due to rounding. O-1 rates exclude officers with prior enlisted experience who qualify for the O-1E rate. The E-1 rate used is the All E-1 rate. This publication computes the estimated average annual federal tax advantage using the standard deduction and 2025 tax rates, including earned income tax credit. The actual annual tax advantage for servicemembers will vary based on their unique tax situation.

How does RMC compare to civilian compensation?

Under 37 U.S.C. §1008, the President is required to (1) annually review pay and allowances for servicemembers, and (2) conduct a “complete review of the principles and concepts of the compensation system” every four years (known as the Quadrennial Review of Military Compensation or QMRC). Historically, DOD’s benchmark goal for RMC has been the 70th percentile for comparable civilian wages and salaries. In its 2025 report, the 14th QMRC found that servicemember compensation is “well above the 70th percentile for both enlisted members and officers. For enlisted personnel, RMC is at the 83rd percentile for those with up to 20 years of service and the 82nd percentile for those with up to 30 years of service. RMC for officers is at the 76th percentile.” While RMC has been found to exceed the historic benchmark for similarly situated workers, the 14th QMRC recommended updating the benchmark to the 75th percentile to “maintain competitiveness against future labor market challenges.”

The 14th QMRC report is dated January 2025. On December 23, 2024, prior to the report’s public release, Congress enacted pay table increases for junior enlisted servicemembers as part of the National Defense Authorization Act for FY2025 (P.L. 118-159). These increases went into effect on April 1, 2025. Congress may consider continued oversight of the impact of these pay raises on recruitment and retention.

Relevant Statutes

Title 37, *U.S. Code*, Chapter 3—Basic Pay
Title 37, *U.S. Code*, Chapter 7—Allowances Other Than Travel and Transportation Allowances
26 U.S.C. §134 (Provides for exclusion of qualified military benefits from gross income)

CRS Products

CRS Report R46983, *Military Families and Financial Readiness*

Other Resources

Defense Finance and Accounting Service, Military Pay Tables
Defense Travel Management Office, BAH Lookup
DOD Financial Management Regulations, Volume 7A, Chapter 1 (Basic Pay), Chapter 25 (Subsistence Allowances), and Chapter 26 (Housing Allowances).
Military Compensation Background Papers, 8th Edition

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