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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 the portion of the servicemembers salary called "basic pay." Although basic pay is normally the largest component of the cash compensation a servicemember receives, other types of military pay, allowances, and tax benefits may add significantly to it. Military compensation is structured differently than civilian compensation, making comparisons difficult. As such, analysts typically use a statutorily-defined measure called *Regular Military Compensation* (RMC) rather than basic pay when comparing military with civilian compensation, analyzing the standards of living of military personnel, or studying military compensation trends.

Components of RMC

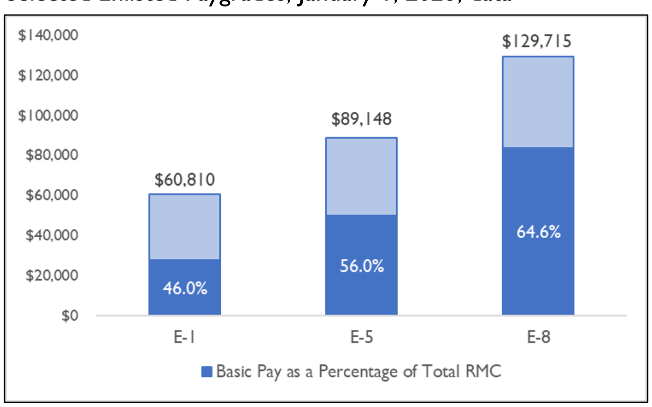
RMC is defined under 37 U.S.C. §101(25) as "the total of the following elements that a member of a uniformed service accrues or receives, directly or indirectly, in cash or in kind every payday: basic pay, basic allowance for housing, basic allowance for subsistence, and Federal tax advantage accruing to the aforementioned allowances because they are not subject to Federal income tax."

Basic Pay

Servicemembers in an eligible duty status receive basic pay, and the amount varies by pay grade (rank) and years of service (also called longevity). For most servicemembers, basic pay is the largest element of the compensation they receive in their paycheck and typically accounts for over half of an individual's RMC, with the exception of the most junior servicemembers (see **Figure 1**).

Figure 1. Basic Pay as a Portion of RMC

Selected Enlisted Paygrades, January 1, 2026, data



Source: DOD, Selected Military Compensation Tables, January 1, 2026, "Detailed RMC Tables for All Personnel," p. B-3 (on file with CRS).

Note: Total RMC is presented on the top of the bars.

Basic Allowance for Housing

All servicemembers are entitled to either government-provided housing or a housing allowance. Servicemembers may 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 military installations. 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 (i.e., spouse and or children). Paygrade and dependency status are used to determine the type of accommodation—or "housing profile"—that would be appropriate for the servicemember (e.g., 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 a two-bedroom apartment). As a result of this methodology, BAH rates are much higher in certain 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. BAS differs for officers and enlisted, but does not differ for servicemembers with and without dependents. Those who receive government-provided meals—for example, enlisted personnel in basic training—are generally not eligible to receive BAS.

Federal Tax Advantage

While 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 calculated as a part of RMC. **Table 1** provides the estimated tax advantage for selected pay grades; however, the precise value of the federal tax advantage for an individual servicemember will vary depending on his or her unique tax situation.

Table 1. Average Annual Compensation for Selected Paygrades

January 1, 2026, 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 1	$27,965	$23,076	$5,723	$4,045	$60,810
E-5	Sergeant, Petty Officer Second Class, or Staff Sergeant (Sgt.)	$49,965	$27,121	$5,723	$6,339	$89,148
E-8	Master Sgt., First Sgt., Senior Chief Petty Officer, or Senior Master Sgt.	$83,807	$34,246	$5,723	$5,939	$129,715
O-1	Second Lieutenant or Ensign	$51,289	$24,654	$3,942	$ 5,682	$85,567
O-4	Major or Lieutenant Commander	$118,273	$39,463	$3,942	$10,800	$172,477
O-6	Colonel or Captain	$174,534	$45,385	$3,942	$14,117	$237,978

Source: DOD, Selected Military Compensation Tables, January 1, 2026, "Detailed RMC Tables for All Personnel," p. B-3 (on file with CRS).

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. The DOD source computes the estimated average annual federal tax advantage using the standard deduction and 2026 tax rates, including earned income tax credit. The actual annual tax advantage for servicemembers can vary based on their unique tax situations.

Considerations for Congress

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 QRMC). 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." These findings are consistent with past studies of military compensation by the Congressional Budget Office and other independent organizations.

While RMC has been found to exceed the historic benchmark for similarly situated civilian workers, the 14th QRMC recommended that DOD update the benchmark to the 75th percentile to "maintain competitiveness against future labor market challenges.

Is RMC an appropriate measure of relative Military Compensation?

Some observers have noted the challenges in drawing meaningful comparisons between military and civilian compensation. On one hand, as noted by the Government Accountability Office, "military service is unique in that the working conditions for active duty service carry the risk of death and injury during wartime and the potential for frequent, long deployments unlike most civilian jobs."

On the other hand, RMC also does not capture the total range of monetary and nonmonetary benefits that military personnel and their families are entitled to. For example, 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. In addition, military servicemembers may be eligible for benefits from the Department of Veterans Affairs and other federal or state agencies. The value of these forms of compensation can be substantial.

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 Resources

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

Kristy N. Kamarck, Specialist in Military Personnel
Nicholas M. Munves, Analyst in U.S. Defense Policy

IF10532

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