

Compensation and Short-Term Credit Needs of U.S. Military Enlisted Personnel

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Abstract

Military enlisted personnel have income characteristics that are generally similar to those of their civilian counterparts of like age. While military basic pay tends to be lower than civilian base pay, a variety of supplemental compensation programs, benefits, perquisites and subsidized purchasing programs render total compensation and real economic status quite similar to that provided by civilian employment. When supplemental and implicit compensation is included, military compensation frequently exceeds civilian compensation, *ceteris paribus*.

While military compensation tends to be stable, the household cash expenditures of military enlisted personnel can be irregular because of features of the military lifestyle and rules governing service. Enlisted personnel, because of their young age, general standard of living and historical low incomes, are not likely to have amassed significant precautionary savings to address these issues. However, they are able to smooth these irregularities in cash outflows by taking on debt, and they can repay that indebtedness through their stable incomes.

Because of their youth, military enlisted personnel tend to be at the stage in life where the acquisition of durable goods can provide a stream of perceived economic benefits that substantially exceeds the cost of consumer credit.

While youthful military personnel may lack the exposure to business principles that their civilian counterparts receive — and thus may have slightly more difficulty making informed choices about consumption and credit — from a policy standpoint, these issues are best addressed through education and disclosure, not by limiting choices of the forms of credit available. All kinds of consumer credit, including credit cards and other short-term loans, may be appropriate for military personnel under circumstances that they, as rational consumers, determine for themselves.

The ability of military consumers to shop effectively for consumer credit is likely to be augmented by improving financial literacy and by enforcing existing requirements for fair and accurate disclosure of the cost and terms of consumer credit. There is no evidence that the economic welfare of military enlisted personnel will be enhanced by restricting the types of credit available to them.



Compensation and Short-Term Credit Needs of U.S. Military Enlisted Personnel

Since the advent of an all-volunteer U.S. military in 1973, there has been substantial growth in military compensation. This growth has included both real and inflation-adjusted increases in cash compensation, as well as improvements in non-monetary compensation. We first examine how military personnel are compensated and the circumstances of the military lifestyle. Based on these compensation schemes and lifestyle, we examine servicemembers' need for short-term credit services.

Enlisted servicemembers, like their civilian counterparts, have occasional cash requirements that cannot be met through compensation. These needs arise from the early in their economic lifecycles in which the servicemembers find themselves and lifestyle issues related to military duty. Servicemembers whose cash compensation is the lowest have occasionally acknowledged difficulties in managing credit.

We have not sought to examine the adequacy of military compensation. Rather, our objective is to examine how servicemembers live relative to their base pay, other regular compensation, and cash and non-cash benefits; and we examine how military lifestyles can impact compensation, savings, spending and credit needs.

Military Pay – Cash and Non-Cash Compensation

As of December 31, 2005, America had 1.38 million active-duty military personnel, of whom enlisted personnel constituted 1.14 million, or approximately 83%.¹

Since 2000, the Department of Defense has increased military pay by approximately 23% to compete with civilian salaries, and DoD reenlistment bonuses have soared. Military medical care is almost free. On-base housing has been improved, and the Pentagon has spent billions of dollars to reduce out-of-pocket costs for off-base housing. Junior enlisted personnel nevertheless continue to earn relatively modest cash basic pay.

Basic pay is only one component (although generally the largest component) of total compensation. Total compensation is derived by combining basic pay, basic subsistence allowance, basic allowance for

¹ Department of Defense, Directorate for Information Operations and Reports. *Military Personnel Statistics*. Retrieved April 5, 2006 from <http://www.dior.whs.mil/mmid/military/miltop.htm>. See Appendix, Table 1.

housing, various perquisites and subsidized purchasing opportunities, and the tax advantages of military service.

Basic Pay

Basic pay comprises the largest part of most U.S. servicemembers' paychecks. Basic pay starts at \$14,135 annually for entry-level enlisted personnel with less than four months' service. The following table sets forth active duty basic pay effective January 1, 2006: ²

Pay Grade	Equivalent Rank (Army, Navy/Coast Guard, Marines, Air Force)	Annualized Income with < 2 Years' Service
E-1	Private, Seaman Recruit, Private, Airman Basic	\$15,282
E-2	Private, Seaman Apprentice, Private First Class, Airman	17,129
E-3	Private First Class, Seaman, Lance Corporal, Airman First Class	18,014
E-4	Corporal (Specialist), Petty Officer Third Class, Corporal, Senior Airman	19,955
E-5	Sergeant, Petty Officer Second Class, Sergeant, Staff Sergeant	21,769
E-6	Staff Sergeant, Petty Officer First Class, Staff Sergeant, Technical Sergeant	23,756

Basic pay appears exceptionally modest, at just 1.6 times the 2006 poverty threshold of \$9,800.³ As noted above, however, basic pay is only one component of total military compensation.

Importantly, military basic pay is on the rise. Since the late 1990s, DoD has attempted to narrow the perceived gap between military and

² Office of the Undersecretary of Defense for Personnel and Readiness. *Monthly Basic Pay Table*. Retrieved April 5, 2006 from http://www.dod.mil/militarypay/pay/bp/paytables/Jan2006_Basic_Pay.html.

³ *Federal Register*, Vol. 71, No. 15, January 24, 2006, 3848-3849.



civilian workers' wages for comparable positions in order to render military compensation competitive with that of the private sector. In addition, annual military pay raises are linked to the increase in private sector wages; the FY2000 National Defense Authorization Act directed that pay raises for 2000 through 2006 be one-half percentage point *greater* than the average rate of increase in private-sector wages. On January 1, 2006, basic pay rose 3.1% for all ranks. Over the past two decades, entry-level military total compensation has grown increasingly attractive as compared to entry-level civilian wages.

Basic Allowance for Subsistence (BAS)

BAS offsets the cost of meals for the servicemember (but not for family members). The 2006 enlisted BAS rate was \$3,267 per annum.⁴ The rate is adjusted annually based on the increase of the price of food as measured by the USDA food cost index.

Basic Allowance for Housing (BAH)⁵

BAH provides supplemental income designed to eliminate out-of-pocket costs for off-base housing. Like other kinds of military pay, BAH increases with rank; and it also varies with location and dependents. BAH often represents the second-largest form of military compensation (e.g., from \$6,360 per annum for a single E-1 in West Virginia to \$41,568 for a married general in California).

Overseas Housing Allowance (OHA)

Military personnel stationed overseas and living off-base often receive an OHA. An OHA presently averages about \$1,000 per month. Military personnel are also compensated for certain out-of-pocket costs (about \$200 a month). If housing costs decline in some housing markets, military personnel are typically unaffected by that reduction. Adjustments are also made for dependents.

Overseas Cost of Living Allowance (Overseas COLA)

The overseas COLA equalizes purchasing power between overseas military service members and their Continental U.S. counterparts. This supplement averages \$300 per month.

⁴ Office of the Undersecretary of Defense for Personnel and Readiness (2006). *Basic Allowance for Subsistence*. Retrieved April 5, 2006 from <http://www.dod.mil/militarypay/pay/bas/index.html>.

⁵ Guard and Reserve members on active duty for less than 140 days receive a different housing allowance called BAH-I.



Bonuses

The U.S. Army raised bonuses for enlistments and reenlistments, doubling maximum payments to new active-duty recruits and reservists. It also increased enlistment bonuses and pay for those joining combat brigades.

Tax Advantages

While military basic pay is generally taxed, most allowances (e.g., BAS and BAH) are not. Moreover, certain hardship circumstances can render normally taxable income tax-exempt.⁶ Tax savings can be significant, since BAS and BAH generally account collectively for over 30% of a servicemember's total cash pay. Besides being exempt from Federal and state taxes, these allowances are not subject to FICA and Medicare taxation. The average income tax savings of military service personnel are approximately \$2,400 per year.

Fringe Benefits

Service in the military brings access to a wide variety of fringe benefits, many of which are comparable or superior to equivalent benefits in the private sector.⁷ Certain military benefits have no private-sector equivalent. In addition to vacation and medical (including dependent health care) benefits, military service includes a variety of retirement,⁸ saving, disability, education assistance, life insurance, long-term care, mortgage subsidy and other programs. In addition to commissary privileges (which provide discounted meals), enlisted personnel have access to discount shopping at military exchanges. The value of these benefits may be difficult to quantify; they are designed to make service in the military more attractive by reducing subsistence costs.

⁶ Earnings received while in the combat zone are excluded from taxable income; this exclusion is unlimited for enlisted servicemembers. Bonuses and special pays (including reenlistment bonuses) are also excluded from taxable income if earned in the same month in which the member served in a combat zone.

⁷ Office of the Undersecretary of Defense for Personnel and Readiness (2006). *Benefits for Service Members*. Retrieved April 5, 2006 from <http://www.dod.mil/militarypay/benefits/militaryben.pdf>.

⁸ Servicemembers who retire with 20 years' service are generally eligible to receive a pension equal to 50% of their final pay, and 75% after 30 years' service.

Real-World Examples

An unmarried Marine corporal (pay grade E-4) at Camp Pendleton in San Diego, California would have effective gross income of about \$40,000 per annum after four years of service, as shown by the following table:

Basic pay	\$20,304
BAS	3,267
BAH	<u>13,260</u>
Cash total	36,831
Tax advantage	<u>2,917</u>
Total regular compensation	\$39,748

A married Army corporal (pay grade E-3) with three years' service would have the following compensation, both in garrison and when deployed to Iraq from his or her duty station (assumed to be Ft. Lewis, Washington):

	In Garrison	Deployed
Basic pay	\$20,304	\$20,304
BAS	3,267	3,267
BAH	<u>9,672</u>	<u>9,672</u>
Cash total	33,243	33,243
Tax advantage	<u>2,284</u>	<u>2,284</u>
Total regular compensation	35,526	35,526
Special pays (tax-free) ⁹		8,160
Tax advantage of special pays and combat status		4,270
Total	\$35,526	\$47,956

These figures do not include the economic benefit to the service-member arising from discounted purchasing privileges at commissaries and base exchanges, nor do they include the value of non-cash fringe benefits.

As the above examples demonstrate, there are many forms of cash compensation benefiting America's enlisted military personnel.

⁹ Includes family separation allowance, imminent danger pay, hardship allowance and per diem. Does not include home leave allowances and related travel reimbursements.

Military and Civilian Total Compensation Is Comparable

In 2004, the average private industry worker earned approximately \$31,933 per annum, while state and local government employees earned an average of \$43,573, based on actual hours worked.¹⁰ It is reported that Wal-Mart's average employee earns about \$10 an hour, or \$17,680 a year, during a 34-hour average work week.¹¹ An aviation mechanic earns on average \$47,088 per year.¹² The median U.S. salary for a police patrol officer is \$44,951 per year.¹³ Against these figures, the amounts shown above for E-3 and E-4 military personnel appear roughly comparable.

The possible existence of a military-civilian "pay gap" has been the subject of much research and debate. It has proven impossible to find a generally accepted system for comparing military and civilian pay. The difficulties in comparison arise from differences in job content, conditions of military service, lack of comprehensive compensation statistics and the degree of specificity employed in pay comparison. When specific jobs in the military are compared against directly comparable civilian jobs, the total dollar amounts of economic benefit (including non-cash fringe benefits) seem approximately comparable and with little systematic bias in favor of one sector or the other.¹⁴ Factors such as the arduousness of military life are offset by the advertised job features of free training, travel and adventure in exotic locations — which may have both an actual and perceived economic benefits.

Given the substantial increases in military compensation since the late 1990s, it is likely that total military compensation has equaled or exceeded civilian compensation for most jobs with comparable content.

¹⁰ U.S. Bureau of Labor Statistics. *National Compensation Survey* (published August 2005). Retrieved April 5, 2006 from <http://www.bls.gov/ncs/ocs/sp/ncbl0727.pdf>.

¹¹ Noah, Timothy (2005). *The Wal-Mart Manifesto*. Retrieved April 5, 2006 from <http://www.slate.com/id/2113954>.

¹² *Aviation Career Salary Ranges* (2006). Retrieved April 5, 2006 from <http://www.avjobs.com/table/airsalary.asp>.

¹³ Salary.com. Salary Wizard Basic Report (2006). Retrieved April 5, 2006 from http://swz.salary.com/salarywizard/layouthtml/swz1_compresult_national_LG12000003.html.

¹⁴ Congressional Research Service (2005). *Military Pay and Benefits: Key Questions and Answers*. Retrieved April 5, 2006 from <http://www.fas.org/sgp/crs/natsec/IB10089.pdf>.

The Military Lifestyle – 2006

The responsibilities that accompany the job of defending the world's greatest democracy and its allies are daunting in any circumstance, but are especially challenging today. Deployments can span vast distances and significant periods of time, creating a variety of challenges to households, not the least of which are economic.

Military enlisted personnel are young. While 26% of the persons employed in civilian employment are over the age of 50, only 0.2% of military enlisted personnel are over 50. See Appendix, Table 2. This relative youth is a factor in most of the financial issues that face enlisted servicemembers, because it limits their ability to accumulate precautionary savings and increases the long-term economic value of durable purchases that must be made on credit.

A March 2005 Defense Manpower Data Center survey of junior enlisted servicemembers suggests that some face a gap between what they earn and what they owe. Eleven percent acknowledged bouncing checks, 19% missed credit card payments, 5% were behind in housing payments, and 12% had utilized a payday loan.¹⁵ The same report suggests that junior enlisted personnel have the greatest difficulty meeting their financial obligations. It attributed their problem to poor financial education and spending habits, rather than to low income. The data on comparable military and civilian compensation, cited above, support this conclusion. The report asserted that low savings levels are common across military services. Again, this result is not surprising given the relative youth of junior enlisted personnel and their inability to engage in any meaningful precautionary saving.

Unlike their civilian counterparts, the employer of a soldier, sailor or airman does not go out of business, and it rarely downsizes, lays off or realigns its personnel. As a result, the income of military enlisted personnel tends to be more stable and predictable than that of their civilian counterparts. The corollary feature of this stability is that

¹⁵ Beauregard, Marcus (2005). *DOD Financial Readiness Campaign*. Retrieved April 5, 2006 from <http://www.fdic.gov/news/conferences/affordable/index.html>. The report also stated that new Air Force recruits carried an average of \$6,000 in debt — half for car loans and the rest in student loans and credit cards; 53% of Air Force E-3s through E-5s had non-car/house loans that were over two years old, and 39% carried a balance for more than a month on three or more credit cards; roughly 18% of enlisted Navy personnel were delinquent on credit cards; and credit card debts were the main cause of enlisted Army personnel's financial problems. The report also stated that a "disproportionately low number" of junior enlisted personnel have saved for emergencies or future large purchases: the Army found that 55.8% of its enlisted members have less than two weeks' savings. Twenty-four percent of respondents in an Air Force survey of E-3s through E-5s had no savings, and 29% had saved less than \$1,000. Roughly half of junior sailors had saved less than \$1,000.



the enlisted military employee lacks the opportunities of his civilian counterpart to supplement his income (and thereby to defray unforeseen cash outflow requirements) by working voluntary overtime or by moonlighting. Many enlisted military families are two-income households; and, of course, to the extent that a civilian spouse is employed in the private sector, all of the traditional private-employer principles of income variability apply.

Military service creates its own unique strains, which can complicate the financial circumstances of enlisted personnel. For example, some 227,000 U.S. troops are presently deployed to Iraq and Afghanistan. Because these actions have temporally endured, DoD regularly rotates units, while maintaining normal training efforts and also fundamentally reorganizing its forces. Some Army divisions are serving their second year long tours in Iraq, and others have served three times. Multiple rotations can intensify the usual pressures confronting young troops. Absences from home limit their ability to deal with financial challenges as they normally would; and if they are married, deployments may force at-home spouses to assume a larger share of financial responsibilities.

A spouse is an essential part of any family; but in a military family, the person who stays at home often carries exceptional responsibilities. A 2005 RAND Corporation study identified key work-related challenges for military spouses, and found:

- Military wives are under-employed and earn less than civilian wives.
- The majority of military spouses believe that the military lifestyle — including frequent moves, deployments and long hours that prevent service members from assisting with parenting, and living in areas with limited work opportunities — has constrained their employment prospects.
- Almost half feel that their educational opportunities have suffered.¹⁶

Thus, the economic challenges facing members of the military do not end with the servicemember. Rather, these challenges extend to include numerous other issues. Any of these circumstances can create unique economic challenges for military members and their loved ones.

¹⁶ RAND Corporation (2005). *Working Around the Military — Challenges of Military Spouse Employment*. Summary reviewed April 5, 2006 at http://www.rand.org/pubs/research_briefs/RB9056/index1.html.

The Utility of Short-Term Credit Products

As a general matter, the credit needs of any consumer are driven by irregularities in income and expenditures. Under appropriate circumstances, credit in a variety of forms may be obtained to smooth out these irregularities. For example, an enlisted soldier who wishes to make Christmas gifts may incur debt to finance those gifts, intending to repay the debt from the proceeds of a reenlistment bonus. Or an airman who needs a washing machine (or house) may incur debt to purchase it and repay the debt through savings on laundromat (or rent) charges. In either case, credit allows the consumer to anticipate future income (or savings) in order to finance consumption or acquisition of a durable item.

As noted above, military enlisted personnel have regular and predictable incomes, to an extent far greater than those of their civilian counterparts; and they will generally not require the use of credit to smooth irregularities in income. However, because of their relative youth, they will rarely have accumulated any precautionary savings; and they will be at a stage in life when the opportunity for present consumption of durables may have enormous utility when compared with the perceived cost of credit to them.¹⁷

Given the totality of the economic circumstances described above, members of America's armed services — including those in the E-1 through E-6 pay grades — will at least occasionally need access to short-term credit services. Because of the similarities between the totality of the economic circumstances of civilian workers and their military counterparts, there is no principled reason why military enlisted personnel should not have at their disposal the full panoply of financial products available to civilian workers. Those options include credit cards, installment loans, overdraft-protection services, payday loans, title loans and pawn services.

Young servicemembers have typically not yet established strong credit records, so they are unlikely to be eligible for the most favorable rates and terms associated with so-called “prime” credit and may be relegated to the use of “subprime” products. Such borrowers may have a number of options in the marketplace:

¹⁷ Proapst, J.V. and W. R. Waters (1964). Rates of Return on Consumer Durables, *Journal of Finance*, 19: 673-677.

- A variety of credit card products are available to both prime and sub-prime borrowers. These products generally have maximum flexibility for both borrowing and repayment to suit the borrower's cash flow.
- Mainstream banks also extend short-term credit to military personnel and others through now ubiquitous check overdraft-protection services. Although not classified as a loan for Truth in Lending Act purposes, bank fees derived from briefly covering checks returned for insufficient funds have been revealed to be substantially more costly than alternative forms of credit. The profitability of such services may serve as a disincentive to banks to offer alternative credit products.¹⁸
- An automobile may be the most significant tangible asset of a junior servicemember. So-called "title loans" are short-term loans made against the title of the vehicle; failure to repay the title loan would place the borrower at risk of losing the vehicle. A typical car title loan has a triple-digit annual interest rate and requires repayment within one month.¹⁹
- Pawn loans are made on items like jewelry and electronics (which are held as collateral) in exchange for a loan, which typically averages \$60. If the collateral is not redeemed, there is no credit consequence for the borrower, as the item held will then be sold. Contract periods and maximum finance charges vary by state, but typically last 30 days with a 30 day grace period immediately thereafter.
- A payday loan (also known as a deferred presentment or deferred deposit loan) may also be a choice for consumers. These loans are generally easy to obtain. A typical payday loan is a two-week extension of credit for \$100 to \$500 and carries a finance charge of \$15 per \$100 borrowed, with a resultant annual percentage rate of approximately 400%. Payday loans are unsecured personal obligations (typically using a post-dated personal check or its electronic equivalent). Lenders who provide such loans do not have the capacity to garnish wages or otherwise to collateralize. It appears that the majority of borrowers use the product briefly and intermittently and that they repay these loans.²⁰

¹⁸ Bair, S. (2005) *Low-Cost Payday Loans: Opportunities and Obstacles*. Annie E. Casey Foundation. Reviewed April 5, 2005 at http://www.aecf.org/publications/data/payday_loans.pdf.

¹⁹ Tennessee Department of Financial Institutions (2006). *Report to Tennessee General Assembly Pursuant to Public Chapter 440, Acts of 2005, Section 7(e)* (including survey of state title lending laws) Reviewed April 5, 2006 at <http://www.tennessee.gov/tdfi/admin/GeneralAssemblyReportTitlePledge.pdf>.

²⁰ Elliehausen, G. and E. C. Lawrence (2001), *Payday Advance Credit in America: An Analysis of Customer Demand*, Monograph No. 35, Georgetown University, Credit Research Center.



As long as the terms and conditions of each of these kinds of products are fully disclosed, each may have a legitimate place in the competitive arena for short-term credit services. Educated consumers are generally well-equipped to decide which products suit their needs.

As with virtually all goods and services, there is always a potential for abuse and excessive use. The prominent display of the costs of each of these services to enable informed comparison shopping, coupled with appropriate government regulation, have done much to prevent abuse; but it falls to consumers to be prudent in their reliance on these services.

If governments were to act to eliminate these forms of credit, the underlying need would not disappear. Quite to the contrary, experience shows that prohibition of desired forms of credit drives consumers to illegal suppliers who may engage in illegal collection practices if they are not repaid.

Members of the armed forces are already afforded unique protections and privileges to ease their financial stress while in the service of our country and long after that service is performed.²¹ These protections and benefits are appropriate; they are often deployed far from family and friends who, in other circumstances, could be expected to provide financial advice and assistance. Military peers, especially those of junior enlisted personnel, are unlikely to have the financial resources to lend a hand.

In summary, military enlisted personnel have similar incomes and needs to those of their private-sector peers.

²¹ Important protections are available to military personnel through the Soldiers and Sailors Civil Relief Act of 1940, as amended, 50 U.S.C. App. § 501 *et seq.*, which safeguards military personnel and their families from legal actions relating to certain lease terminations, mortgage defaults, evictions, penalty interest rates and court actions during military service.

Conclusion

Military enlisted personnel have financial circumstances that are generally similar to those of their civilian counterparts. As a result, they have similar short-term credit needs. Lifestyle, military rules and the very nature of military service complicate near-term economics for most servicemembers.

We reach several conclusions regarding the appropriate continuing role of DoD in the availability of short-term credit to military enlisted personnel:

1. Most importantly, improve the financial literacy of enlisted personnel and their families. Lack of understanding and poor planning — not the liberal availability of short-term credit services — is repeatedly shown to be at the root of financial problems of enlisted military personnel. Military and senior civilian leaders must ensure that they provide substantially improved personal financial management training to enlisted personnel, and that leaders in the chain of command have sufficient training to monitor potentially at-risk subordinates. The Pentagon's efforts to address these shortcomings are laudable; however, to date these efforts have proven inadequate. The current trend of improved compensation for enlisted personnel, especially for those in the E-1 to E-6 pay ranks, may well continue; but it will not eliminate the legitimate needs of servicemembers for short-term credit. Attempts to eradicate some forms of short-term credit through regulation invite perverse and predictable unintended consequences. A more rational approach is to promote free and highly competitive markets for consumer-credit products of all kinds and to empower consumers to make informed decisions based on valid information appropriate for their own circumstances.

2. The cost and terms of all credit services must be fully disclosed in clear, discernable language. Once empowered with financial education to enable them to make informed decisions regarding consumer credit, military enlisted personnel need to be able to acquire usable and comparable data so that they can comparison-shop and reject unacceptable alternatives. While most mainstream and “bricks-and-mortar” lenders fully disclose the cost of credit in the manner required by the Truth in Lending Act, some on-line lenders may not adhere to the same standard of transparency. Likewise, the pricing of banks' overdraft-protection services is often not obvious to consumers of these services. Consumers cannot use their financial education to select products best suited for them unless the costs of



those products are amply disclosed and unless those products are free of deceptive or hidden material terms. Post commanders should continue to engage businesses near their bases to ensure that they comply with these notions.

3. Promote robust competition for every form of financial service. Competition drives down prices and increases options for consumers. Consumers should have a variety of financial products at their disposal and should be able to make educated and informed decisions based on accurately and fairly disclosed prices and terms.

4. There is no principled reason for limiting the access of military enlisted personnel to short-term credit. Both the marketplace and individual data suggest a continuing need and substantial demand for short-term credit among military enlisted personnel. The economic circumstances of military enlisted personnel are surprisingly similar to those of their private-sector counterparts. There exist no data from which it can reasonably be concluded that military personnel should be denied access to any form of credit that is available to civilians. While certain forms of credit may have lower cost and terms that are more favorable than others, vigorous competition in the marketplace — with terms fully and prominently disclosed — should be adequate to enable intelligent consumer choice.

APPENDIX

Table 1: Military Personnel on Active Duty by Rank or Grade, January 2006²²

Rank/Grade - All	Army	Navy	Marine Corps	Air Force	Total Services
General -Admiral	12	9	5	13	39
Lt General -Vice Admiral	49	30	15	37	131
Maj General -Rear Admiral (U)	95	69	21	84	269
Brig General -Rear Admiral (L)	152	105	40	138	435
Colonel - Captain	3,780	3,270	684	3,591	11,325
Lieutenant Col - Commander	9,228	6,857	1,833	10,138	28,056
Major - Lt Commander	14,398	10,324	3,543	15,336	43,601
Captain - Lieutenant	24,735	17,786	5,355	24,287	72,163
1st Lieutenant – Lieutenant (JG)	9,031	6,408	2,837	10,140	28,416
2nd Lieutenant - Ensign	6,602	5,911	2,682	8,304	23,499
Chief Warrant Officer W-5	436	46	91		573
Chief Warrant Officer W-4	1,626	291	273		2,190
Chief Warrant Officer W-3	3,321	657	559		4,537
Chief Warrant Officer W-2	4,870	606	714		6,190
Warrant Officer W-1	2,243		227		2,470
Total Officer	80,578	52,369	18,879	72,068	223,894
E-9	3,428	2,890	1,458	2,658	10,434
E-8	11,519	7,243	3,334	5,638	27,734
E-7	36,910	23,148	8,278	28,220	96,556
E-6	59,957	53,673	14,151	45,412	173,193
E-5	79,859	71,984	25,421	72,451	249,715
E-4	109,637	58,251	32,653	59,305	259,846
E-3	56,921	51,993	41,884	43,977	194,775
E-2	29,301	15,988	20,052	6,693	72,034
E-1	19,123	15,701	13,029	11,193	59,046
Total Enlisted	406,655	300,871	160,260	275,547	1,143,333
Cadets - Midshipmen	4,075	4,342	0	4,235	12,652
Grand Total	491,308	357,582	179,139	351,850	1,379,879

²² Department of Defense, Directorate for Information Operations and Reports. Military Personnel Statistics. Retrieved April 5, 2006 from <http://www.dior.whs.mil/mmid/military/rg0601.pdf>.

Table 2: FY2003 Active Component Enlisted Members by Age Group²³

Age	% Total DoD	% Civilian Comparison
17-19	9.7	4.1
20-24	39.0	10.3
25-29	19.7	10.6
30-34	12.8	11.6
35-39	11.5	12.0
40-44	5.7	13.0
45-49	1.3	12.4
50+	0.2	26.0
Total	100.0	100.0

Table 3: Active Duty Military Family Status in 2003²⁴

Status	n	%
Single, no children	590,297	41.6
Single, with children	86,434	6.1
Married to civilian, no children	157,640	11.1
Married to civilian, with children	489,092	34.5
Dual military, no children	55,497	3.9
Dual military, with children	40,092	2.8
Total DoD	1,419,052	100.0

²³ Office of the Undersecretary of Defense for Personnel and Readiness (2005). *Table B-21 — FY 2003 Active Component Enlisted Members by Age Group, Service, and Gender with Civilian Comparison Group*. Retrieved April 5, 2006 from http://www.defenselink.mil/prhome/poprep2003/appendix/b_21.html.

²⁴ Office of the Deputy Undersecretary of Defense (Military Community and Family Policy) (2005). *2003 Demographics — Profile of the Military Community*. Retrieved April 5, 2006 from http://www.militaryhomefront.dod.mil/dav/lsn/LSN/BINARY_RESOURCE/BINARY_CONTENT/1869841.swf.



About the Authors

William O. Brown Jr., Ph.D. recently joined the faculty at The University of North Carolina, Greensboro where he serves as Associate Professor of Finance. Before moving to UNC, Professor Brown taught at Claremont McKenna College for the past 12 years where he served as the Associate Director of the Financial Economics Institute and prior to that was a member of the economics departments at the University of Louisville and Ball State University. He received his B.A. from Clemson University in 1988 and his Ph.D. in Applied Economics from Clemson University in 1993. Professor Brown's research focuses on asset price markets, corporate governance and university governance. He has published articles in professional journals including the *Journal of Finance* and the *American Economic Review*. He has worked on a variety of consulting projects related to public policy issues in California including after-school programs, the revision of tax laws and tribal gaming.

Charles B. Cushman, Jr., Ph.D. is Associate Dean of the Graduate School of Political Management at The George Washington University. A West Point graduate, he served nine years in the Army as an Armor officer, commanding troops in Germany and at Fort Knox, KY, and completing his service as an instructor at West Point. Prior to GWU, Dr. Cushman was a consultant to the Defense Department, and to the Space Commission headed by current Secretary of Defense Donald Rumsfeld. He has also been a lobbyist working to advance peace in the Middle East, and defense advisor to Rep. David Price (D-NC) in the 105th Congress. He teaches courses on politics and public policy and national security policymaking. Professor Cushman received his Ph.D. from The University of North Carolina, Chapel Hill.



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