



U.S. Department of Defense

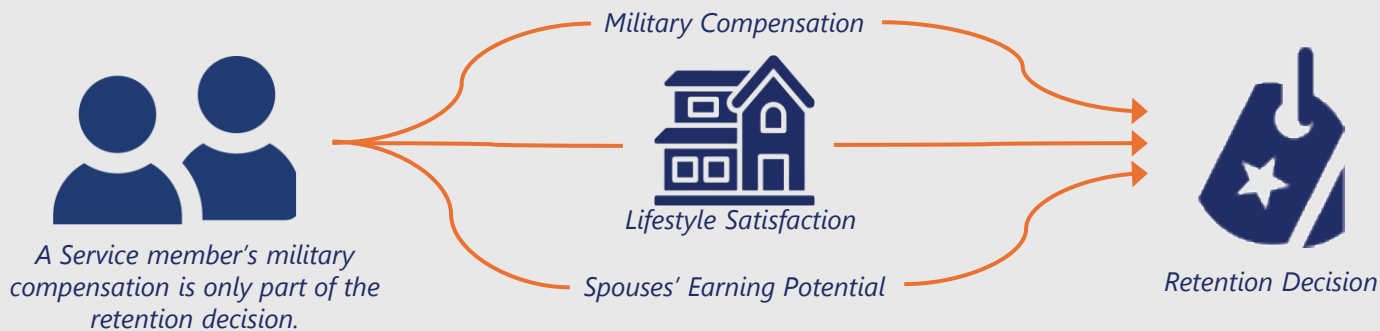
The 14th Quadrennial Review of Military Compensation

LESSONS LEARNED FROM Analysis of Dual-Income Military Households

The Quadrennial Review of Military Compensation (QRMC) examined, for the first time, how the prevalence of dual-income households and factors of military life such as frequent Permanent Change of Station (PCS) moves, separation, and child care access may require consideration as part of military compensation to protect high retention.

FINDINGS

In Dual-Income Military Households, Retention Decisions are Made Jointly



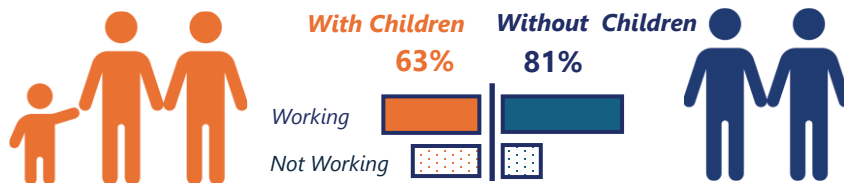
Military Spouses Face Unique Challenges in the Labor Market

PCS Moves Disrupt Careers, Reducing Current and Future Earnings Potential.



Spouse earnings fall by an average of 14% in any year with a PCS.

Child Care Challenges Can Reduce Spouse Participation in the Labor Market.



Spouses with children are less likely to be in the labor force compared to those without children.

DoD Recognizes the Value in Expanding Non-Cash Compensation for Dual-Income Households

Decreasing the frequency of moves could **increase retention by up to 8%** from the increase in spouse income.



Providing expanded access to childcare could **increase retention by up to 14%** for enlisted Service members.



Immediate vesting of retirement benefits could enhance accumulation of wealth and offset frequent job changes.



FINDINGS

CONTINUED

Most Service Members Earn More While in the Military Than They are Likely to Earn If They Were to Leave Military Service

The QRMC compared a Service member's pre-tax military compensation* to their predicted civilian earning potential. For most Service members, pre-tax military compensation exceeds their estimated earnings in the civilian labor market.

Enlisted Army Air Defense



At 5 years in service, 78% of Soldiers in Air Defense earn more in service than if they were to leave Service

Enlisted Marine Corps Intelligence



At 5 years in service, 69% of Marines in Intelligence earn more in service than if they were to leave Service

Enlisted Air Force Maintenance



At 5 years in service, 94% of Airmen in Maintenance earn more in service than if they were to leave Service

Enlisted Navy Fire Controlman



At 5 years in service, 95% of Navy Fire Controlmen earn more in service than if they were to leave Service

* **Pre-Tax Military Compensation** includes basic pay, allowances, tax advantage, special & incentive pays, and bonuses but does not include the value of benefits such as military retirement and TRICARE.

RECOMMENDATION

Conduct a Periodic Quality of Life Review

To inform the Department of trends in the **quality of non-cash compensation and benefits** to assist in **effectively targeting investments to improve the Quality of Service** for Service members and their families.



The **review scope** could include housing, dining and other installation facilities, healthcare access, Morale Welfare and Recreation facilities and programs, child care, and spouse employment.



The **review frequency** could be set to allow for a strategic review of issues but not so infrequently that accountability for tangible results is lost. The appropriate frequency could be determined after the first review is administered.