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**DEPLOYMENT-RELATED PAY**

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Pays include Basic Allowance for Subsistence (BAS), Family Separation Allowance (FSA), Hostile Fire/Imminent Danger Pay (abbreviated here as HFP), awards for extending an overseas tour, an exclusion from the withholding of federal and state income tax for duty in combat zones, Career Sea Pay and Career Sea Pay Premium, and Hardship Duty Pay.<sup>1</sup> Most personnel who go on long or hostile duty are eligible for at least one of these pays. Our discussion concentrates on deployment-related pays as they existed during our study window, which covers deployments from 1993 through 1999.<sup>2</sup>

We first describe the pays and conclude with a table summarizing pays a member might receive when deployed. The purpose of this discussion is to highlight the existence and amounts of these pays, which in general help to compensate for the separation, poor conditions, danger, and arduous duty that may come with deployment. The pays probably play an important role in compensating for adverse aspects of deployment. However, because there was little change in the amounts or eligibility conditions for these pays during our study period, we cannot empirically identify the effects of these pays on a member's decision to reenlist.

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<sup>1</sup>The source for the material in this appendix is: Under Secretary of Defense (Comptroller), *Military Pay Policy and Procedures: Active Duty and Reserve Pay*, Volume 7A, updated June 5, 2001. It may be accessed online at [www.dtic.mil/comptroller/fmr/07a](http://www.dtic.mil/comptroller/fmr/07a).

<sup>2</sup>A recent addition to the deployment-related pays discussed here is the "deployment per diem," which would pay \$100 per day to members away from home more than 400 days in a two-year period.

## **BASIC ALLOWANCE FOR SUBSISTENCE**

The Gulf War prompted two major provisional changes in eligibility for BAS.<sup>3</sup> Subsequent legislation made these changes permanent as of January 1, 1998. First, enlisted members being “subsisted in kind” became entitled to receive a partial BAS, except during basic training. (BAS is payable on a daily basis to enlisted personnel.) This increased the number of personnel receiving BAS, although the amount of BAS was small. Second, enlisted members temporarily assigned to duty away from their permanent duty station become entitled to BAS at a rate not less than that at their permanent duty station.

A member deployed for temporary duty receives a per diem that is intended to cover food, lodging, and incidentals. If the deployed member receives food and lodging in kind, the per diem allocations for food and lodging are automatically subtracted from the per diem, leaving a small amount for incidentals (\$3.50 per day). Before the Gulf War, a member receiving full BAS would lose that amount when on temporary duty, assuming he or she received government-provided meals on that duty. The changes brought by the Gulf War allowed the member to keep full BAS; the cost of food and lodging was debited from the member’s per diem. The underlying principle now at play is that the member, when deployed on temporary duty, continues to receive no less BAS than when he or she is not deployed.

Officers already had been entitled to BAS at all times on a monthly basis. In addition, commanders often granted permission to enlisted personnel to “mess separately,” depending on such factors as the location of a member’s residence, specialized duties, working hours, dining hall capacity, or distance to the mess hall. As a result, many enlisted personnel with dependents who lived off base could receive Separate Rations (SEPRATS), that is, BAS to compensate for messing separately. There were no changes to officers’ entitlement to BAS or in granting SEPRATS to enlisted members.

As of January 1, 2001, enlisted members receive \$0.86 per day for partial BAS, which is the equivalent of \$25.80 for a 30-day month.

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<sup>3</sup>We are grateful to CMDR Kevin Harkins, OSD(P&R), for conferring with us on the interpretation of the BAS provisions.

But as of January 1, 2002, enlisted members on partial BAS will receive full BAS when deployed. Enlisted members on SEPRATS (full BAS) receive \$7.66 per day, the equivalent of \$229.80 for a 30-day month. Officer BAS is \$160.42 per month. The meal collection rates for members receiving full BAS are \$6.60 per day for discounted meals (or \$198 for a 30-day month) and \$8.00 per day for meals that are not discounted (or \$240 for a 30-day month). The discount rate applies to sea duty or temporary afloat assignment as well as to field duty or temporary field assignment. Again, meal costs for personnel on temporary duty are covered by the per diem, not BAS.

Members on sea duty are *not* considered to be on temporary duty. Therefore, they do not receive a per diem, and the above meal collection rates are, in effect, debited from their BAS. However, as we discuss below, members on sea duty may qualify for Career Sea Pay.

#### **FAMILY SEPARATION ALLOWANCE**

FSA is payable to personnel with dependents who are separated from their dependents for reasons of duty. There are two types of FSA. FSA I is payable when transportation of dependents to a member's permanent duty station is not authorized at government expense, dependents do not live near the permanent duty station, and adequate quarters are not available at the station and adequate quarters have not been assigned to the member. In effect, FSA enables the member to acquire adequate housing reasonably near the permanent duty station. FSA II is payable because of an enforced family separation to personnel at any grade. The family separation can occur because the transportation of dependents is not an authorized government expense and the dependents do not live close by, or the member is on board ship or on temporary duty away from permanent station for more than 30 days. Members can receive both types of FSA at once. FSA II accounts for the vast majority of FSA in terms of dollar outlays and number of recipients. For instance, in 1995, 2,217 personnel received FSA I at a cost of \$9.4 million, and 78,441 received FSA II at a cost of \$70.6 million (Office of the Secretary of Defense, 1996, p. 777).

From January 1991 through December 1997, FSA II was paid at a rate of \$75 per month. In January 1998 the rate increased to \$100 per month. FSA I was paid at a rate equal to the basic allowance for

quarters for a member without dependents at the same grade. Since June 1994, FSA II has been payable to personnel who are redeployed within 30 days of returning to their home port or permanent duty station. For instance, suppose a member was sent away from permanent station for more than 30 days of training prior to a deployment overseas, returned to permanent station for three weeks, and was then deployed for a three-month tour overseas. The member would receive FSA II continuously after the first 30 days of training.

### HOSTILE FIRE/IMMINENT DANGER PAY

HFP is payable to members on duty in a foreign area who are

- Subjected to hostile fire or the explosion of a hostile mine,
- Near a hostile fire incident and in danger of being subject to hostile fire or mines,
- Killed (payable to their estate), injured, or wounded by hostile fire, mine, or action, or
- On official duty in a designated imminent danger area.<sup>4</sup>

HFP increased temporarily from \$110 per month to \$150 per month during the Gulf War, and the increase became permanent in FY1992. HFP is paid for service involving hostile fire or imminent danger in any part of the month. Hardship Duty Pay, as described below, was not authorized in places also designated for HFP. However, that changed as of November 1, 2001; Hardship Duty Pay and HFP can both be paid for the same locations.

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<sup>4</sup>Data for our study cover deployments over the period from January 1992 to March 1999. During this period, some portion of the land, airspace, or sea area in the following countries was designated as an imminent danger area: Afghanistan, Albania, Algeria, Angola, Arabian Gulf area, Azerbaijan, Bahrain, Bosnia-Herzegovina, Burundi, Cambodia, Chad, Colombia, Croatia, Egypt, El Salvador, Georgia, Greece, Haiti, Iran, Iraq, Kuwait, Laos, Lebanon, Liberia, Macedonia, Montenegro, Mozambique, Oman, Pakistan, Peru, Qatar, Rwanda, Saudi Arabia, Serbia, Sierra Leone, Slovenia, Somalia, Sudan, Tajikistan, Turkey, United Arab Emirates, Vietnam, Yemen, Yugoslavia, Zaire (now the Democratic Republic of the Congo) (*Military Pay Policy and Procedures: Active Duty and Reserve Pay*, Chapter 10).

## **EXTENDING TOUR AT DESIGNATED OVERSEAS LOCATIONS**

Some personnel may receive an award for extending their overseas tour of duty. The awards are designated for certain specialties and certain overseas locations and require that the member has completed a tour of duty at the location and must extend that tour for at least one more year. At the discretion of the Secretary of Defense, the member may receive either \$80 per month or an annual bonus of up to \$2,000. The bonus is payable in lump sum or installments. Alternatively, if permitted by the authority of the Secretary of Defense, the member may choose a “period of special rest and recuperative absence.” Prior to October 1, 1997, only the \$80 per month payment was offered.

## **COMBAT ZONE TAX EXCLUSION**

This is formally referred to as the Income Tax Withholding Exclusion. As of the end of March 1996, the pay of active-duty personnel was no longer subject to federal and state income tax withholdings for any month in which the personnel served in a combat zone or hazardous duty area.<sup>5</sup> The tax exclusion may represent a prominent part of deployment-related pay for many personnel. It was fully in effect by April 1996 and so extended throughout our reenlistment study window, except for the beginning. Even though a withholding exclusion is not literally a pay, it is a pay in effect.

Members performing duty in combat zones qualified automatically for the income tax withholding exclusion during the months of duty there. In addition, members not in those areas but who received HFP and performed duties in direct support of members performing duties in combat zones, also qualified for the income tax withholding exclusion. Examples include the ground crew of aircraft flying missions into the combat zone or hazardous duty area, personnel

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<sup>5</sup>As of April 1996, the withholding of taxes from commissioned officers was capped. Federal and state taxes were withheld only on officer income above the highest rate of pay of an enlisted member plus any hostile fire/imminent danger pay received during months for which the officer served in a combat zone or hazardous duty area. All pay of enlisted members and warrant officers earned in a combat zone is exempt from taxation.

engaged in transporting military supplies into the area, and airstrip personnel (e.g., air traffic controllers, meteorologists). Also included are support personnel and those who served in a combat zone or hazardous duty area but were hospitalized outside the area.<sup>6</sup>

If an enlisted member reenlisted while in a combat zone or hazardous duty area and received a reenlistment bonus, the full bonus amount—the initial lump sum payment plus subsequent installments—was not subject to federal and state income tax withholdings.

The list of combat zone/hazardous duty areas contains fewer countries than the list of hostile fire/imminent danger countries. However, many personnel who were deployed during 1992–1999 and received HFP probably also performed duty in a combat zone or hazardous duty area or performed supporting duty in a nearby area. These personnel would have received HFP and benefited from the state and federal income tax withholding exclusion during the months of this duty. In addition, personnel reenlisting and receiving a bonus would have been able to keep the full amount of the bonus.

To illustrate with a simple example, an E-4 with more than four years of service received \$1,520 per month in basic pay as of July 1, 2001. Over three months, basic pay and HFP (\$150 per month) totaled \$5,010 before tax withholdings. Assuming a 20-percent withholding rate for federal and state taxes, this amount after taxes would be \$4,008. The tax withholding exclusion therefore would have generated a \$1,000 increase in income. Similarly, an E-5 with more than eight years of service had a three-month income from basic pay and HFP of \$5,818, or \$4,655 after a withholding of 20 percent. The implied increase in income exceeded \$1,100. Finally, for an enlisted member reenlisting in a combat zone or hazardous duty area, a \$5,000 bonus would not have been reduced to \$4,000 by tax withholdings.

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<sup>6</sup>From 1995 through 1999, the approximate span of reenlistment decisions covered in our study, combat zones included the Persian Gulf, Red Sea, Gulfs of Oman and Aden, portions of the Arabian Sea, Iraq, Kuwait, Saudi Arabia, Oman, Bahrain, Qatar, United Arab Emirates, and Vietnam. (Vietnam ceased to be a designated combat zone at the end of June 1996.) Hazardous duty areas included Bosnia-Herzegovina, Croatia, and Macedonia.

Although our study focuses on enlisted members, officers too may benefit from the Combat Zone Tax Exclusion. Officers can exclude their pay up to the highest level of enlisted pay (E-9 with 26 years of service).

### **CAREER SEA PAY**

Career Sea Pay is payable to a member in paygrade E-4 and above who is assigned to sea duty. Sea duty includes being permanently or temporarily assigned for duty to a ship, a ship-based staff, or ship-based aviation unit and serving on a ship whose primary mission is accomplished under way.

The amount of Career Sea Pay differs between officers and enlisted personnel and increases with paygrade and the cumulative amount of sea duty. For instance, an officer in grades O-1 to O-3 and with three years of sea duty receives \$150 per month. An O-4 with 9 years of sea duty receives \$220 per month, while an O-6 with 16 years of duty receives \$340 per month. The pay schedule for warrant officers is somewhat more generous. A W-3 with over 12 years of sea duty receives \$400 per month. Among enlisted members, an E-4 receives \$50 per month with less than one year of sea duty and \$150 per month with three years of duty. An E-5 with 7 years of sea duty receives \$350 per month, an E-6 with 12 years of sea duty receives \$380 per month, and an E-8 with 16 years of sea duty receives \$500 per month.

### **CAREER SEA PAY PREMIUM**

All officers and warrant officers who qualify for Career Sea Pay and who have served 36 consecutive months of sea duty qualify for the Career Sea Pay Premium. This is also true of enlisted members in paygrade E-4 under the same conditions. However, some E-4 enlisted members will not have accumulated 36 consecutive months of sea duty. The Career Sea Pay Premium is also payable to E-5 through E-9 members with at least three years but less than five years of sea duty with 36 consecutive months. Having qualified, a member is paid at the rate of \$100 per month. The rate is the same for all who qualify.

## **HARDSHIP DUTY PAY**

Hardship Duty Pay was implemented in February 1999 and replaced Foreign Duty Pay. Hardship Duty Pay covers two categories of duty: hardship locations and hardship missions. Hardship locations are designated in a list that includes a large number of countries and specific locations. During the months of 1999 in our data window, Hardship location pay was payable only to enlisted members, and the monthly rates of pay were \$8 for E-1 and E-2, \$9 for E-3, \$13 for E-4, \$16 for E-5, \$20 for E-6, and \$22.50 for E-7 through E-9. To qualify, members must spend at least 30 days in hardship locations. Hardship Duty Pay is paid only to personnel on the ground.

Hardship missions include locating and recovering the remains of U.S. servicemembers from remote, isolated areas in Laos, Cambodia, Vietnam, North Korea, and other designated assignments. Hardship mission assignments were paid at the rate of \$150 per month for either full- or partial-month duty.

On November 1, 2001, the scope of Hardship Duty Pay was extended to allow personnel to receive HFP and Hardship Duty Pay for the same locations (Crawley, 2001). Hardship location pay is \$50, \$100, or \$150 per month depending on the conditions of a location. When paid in conjunction with HFP, the rate is \$100 per month, and the two pays together total \$250 per month.

## **SUMMARY**

We have presented information about seven deployment-related pays: BAS, FSA, HFP, award for extending an overseas tour, the federal and state income tax withholding exclusion, Career Sea Pay and Career Sea Pay Premium, and Hardship Duty Pay. Table A.1 summarizes these pays during 1995–1999, the reenlistment years of our study window.



**Table A.1**  
**Deployment-Related Pays, 1995–1999**

| Pay                              | Date of Change   | Amount  |
|----------------------------------|--|---|
| Basic Allowance for Subsistence  | Provisional as of the Gulf War, permanent on January 1, 1998   | Made payable when deployed on temporary duty, with member receiving no less than when not deployed. (Members deployed on sea duty are not considered to be on temporary duty.)<br><br>Members subsisted in kind became entitled to partial BAS. As of January 1, 2002 they will receive full BAS when deployed on temporary duty. |
| Family Separation Allowance II   | To December 1997<br>From January 1998  | \$75/month<br>\$100/month   |
| Hostile Fire/Imminent Danger Pay | Throughout   | \$150/month   |
| Overseas tour extension          | To October 1997<br>From November 1997  | \$80/month<br>\$80/month, or up to \$2,000 bonus, or special rest and recuperation.   |
| Combat Zone Tax Exclusion        | Effective March 1996 in combat zone and hazardous duty areas, and for personnel in direct support of activities in those areas and receiving HFP | Exclusion from federal and state income tax withholding. Equal to tax withheld from enlisted pay, plus tax on full amount of reenlistment bonus if reenlistment occurred when eligible for tax withholding exclusion.   |
| Career Sea Pay                   | From October 1985 for officers, May 1988 for enlisted  | Ranges from \$50/month to \$520/month depending on officer/enlisted, paygrade and years of sea duty.  |
| Career Sea Pay Premium           | From May 1988  | \$100/month   |
| Hardship Duty Pay—mission        | From February 1999   | \$150/month   |
| Hardship Duty Pay—location       | From February 1999   | \$8.00–\$22.50/month for enlisted members only.   |