MILITARY PERSONNEL

DOD Has Not Implemented the High Deployment Allowance That Could Compensate Servicemembers Deployed Frequently for Short Periods
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Why GAO Did This Study
The fiscal year 2004 National Defense Authorization Act directed GAO to assess the special pays and allowances for servicemembers who are frequently deployed for less than 30 days, and to specifically review the family separation allowance. GAO’s objectives were to assess (1) the rationale for the family separation allowance eligibility requirements, including the required duration of more than 30 consecutive days away from a member’s duty station; (2) the extent to which DOD has identified short-term deployments as a family separation allowance issue; and (3) what special pays and allowances, in addition to basic military compensation, are available to compensate members deployed for less than 30 days.

What GAO Found
In 1963, Congress established the family separation allowance to help offset the additional expenses that may be incurred by the dependents of servicemembers who are away from their permanent duty station for more than 30 consecutive days. Additional expenses may include the costs associated with home repairs, automobile maintenance, and childcare that could have been performed by the deployed servicemember. Over the years, the eligibility requirements for the family separation allowance have changed. Today, the family separation allowance is authorized for officers and enlisted in all pay grades at a flat rate. The rationale for establishing the 30-day threshold is unknown.

DOD has not identified frequent short-term deployments as a family separation allowance issue. No proposals seeking modifications to the family separation allowance because of frequent short-term deployments have been provided to DOD for consideration as part of DOD’s Unified Legislation and Budgeting process, which reviews personnel pay proposals. Further, DOD officials were not aware of any specific concerns that have been raised by frequently deployed servicemembers about their eligibility to receive the family separation allowance. Based on group discussions with Air Force strategic airlift aircrews, who were identified as examples of those most likely to be experiencing short-term deployments, we did not identify any specific concerns regarding the lack of family separation allowance compensation associated with short-term deployments. Rather, many aircrew members indicated the high pace of operations and associated unpredictability of their schedules was a greater concern due to the negative impact on their quality of life.

In addition to basic military compensation, DOD has several special pays and allowances to further compensate servicemembers deployed for short periods. Servicemembers who are deployed for less than 30 days may be eligible to receive regular per diem. The per diem amount varies depending upon location. For example, these rates range from $86 to $284 per day within the United States and from $20 to $533 per day when outside the United States. However, DOD has not implemented the high deployment allowance designed, in part, to compensate those frequently deployed for shorter periods. Congress supported DOD’s legislative proposal to authorize a monthly high deployment allowance. This allowance permits the services to compensate members for lengthy as well as frequent shorter deployments. The most recent amendment to this provision provides DOD with the authority to adjust a cumulative day threshold to help compensate servicemembers experiencing frequent short deployments. DOD has flexibility to exclude all occupations except those that it wishes to target for additional pay. However, DOD has not established criteria to implement this allowance, nor has DOD set a timetable for establishing such criteria.

What GAO Recommends
GAO recommends DOD take the following actions: (1) set a timetable for establishing criteria to implement the high deployment allowance; (2) define, as part of the criteria, what constitutes frequent short-term deployments within the context of the cumulative day requirement as stated in the high deployment legislation; and (3) determine, as part of the criteria, ways of targeting the deployment allowance to selected occupations. DOD partially concurred with our recommendations because it views the deployment allowance as a peacetime authority. GAO believes our current wartime situation does not prevent DOD from setting a timetable for establishing criteria.


To view the full product, including the scope and methodology, click on the link above. For more information, contact Derek B. Stewart at (202) 512-5559 or StewartD@gao.gov.
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Abbreviations

AMC  Air Mobility Command
DOD  Department of Defense
OSD  Office of the Secretary of Defense

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June 25, 2004

Congressional Committees

The Department of Defense (DOD) considers a servicemember as deployed when a member is on orders and performing duties in a training exercise or operation at a location or under circumstances that make it impossible or infeasible for the member to spend off-duty time at the member’s permanent duty station or homeport. While deployed, in addition to receiving basic military compensation,¹ servicemembers can receive a variety of special pays and allowances intended to (1) help the uniformed services meet specific manpower requirements and (2) compensate servicemembers for hardships associated with their deployments. For example, servicemembers who have dependents and are deployed for more than 30 consecutive days are eligible to receive the family separation allowance. In April 2003, Congress temporarily increased the amount of the family separation allowance by 150 percent (from $100 to $250 per month) as part of the Emergency Wartime Supplemental Appropriations Act. Congress has since extended this increase until December 2004; at which time it will expire unless renewed or made permanent. According to DOD officials, the latest estimated cost of the family separation allowance for fiscal year 2004 is $1.1 billion with an average of 359,000 monthly recipients.² When this estimated cost is compared to the fiscal year 2002 obligations, the budget for the family separation allowance increases by 850 percent. This increase is primarily due to the increase in the monthly rate paid for family separation allowance and the increased number of personnel deployed in support of the global war on terrorism.

1 Basic military compensation consists of basic pay, basic allowance for housing, basic allowance for subsistence, and the federal tax advantage. The federal tax advantage is to account for the tax-free status of housing and subsistence allowances. It is the added amount of taxable income that servicemembers would have to receive in cash if housing and subsistence allowances were to become taxable in order for them to be as well off in after-tax income as they are under the existing system. Basic compensation does not include special and incentive pays, other allowances, and the value of fringe benefits such as health care and retirement.

2 Data on the total annual number of family separation allowance recipients was not available.
The National Defense Authorization Act for Fiscal Year 2004 directed GAO to assess the special pays and allowances for servicemembers who are frequently deployed for less than 30 days. The act directed GAO to specifically review the eligibility requirements for the family separation allowance, including those related to the required duration of more than 30 consecutive days away from a servicemember’s permanent duty station. As agreed with your offices, our objectives were to assess (1) the rationale for family separation allowance eligibility requirements, including the 30-day threshold; (2) the extent to which DOD has identified frequent short-term deployments as a family separation allowance issue; and (3) what special pays and allowances are available, in addition to basic compensation, to further compensate servicemembers deployed for less than 30 days.

To conduct our review, we analyzed the legislative history and respective DOD policies for selected special pays and allowances. We reviewed proposals to make changes to the family separation allowance submitted through DOD’s Unified Legislation and Budgeting process. We held discussions with officials from the Office of the Under Secretary of Defense (Personnel and Readiness) and each of the services. We focused our study on the Air Force since the reported average number of days Air Force personnel were deployed in fiscal year 2002, the latest available data, was less than 30 days. Further, through discussions with Air Force officials we identified strategic airlift C-5 aircrews managed by the Air Mobility Command (AMC) as examples of those who would most likely be experiencing short-term deployments. We assessed the reliability of AMC deployment data and determined that the data were sufficiently reliable for the purposes of this report. To explore family separation allowance issues at a location overseen by AMC, we conducted group discussions with officers and enlisted servicemembers at Travis Air Force Base. We also reviewed previously issued GAO reports on military compensation (see Related GAO Products). More information on our scope and methodology is provided at the end of this letter. We conducted our review from January 2004 to May 2004 in accordance with generally accepted government auditing standards.

Air Force officials also identified other occupations that have been frequently deployed for less than 30 days such as flying crew chiefs, who are responsible for launch, recovery, inspection, servicing, and maintenance of aircraft. Other service officials identified inspection team members as another example of personnel who are deployed frequently for short periods.
In 1963, Congress established the family separation allowance to help offset the additional expenses that may be incurred by the dependents of servicemembers who are away from their permanent duty station for more than 30 consecutive days. Additional expenses may include the costs associated with home repairs, automobile maintenance, and childcare that could have been performed by the deployed servicemember. Over the years, the eligibility requirements for the family separation allowance have changed. Today, the family separation allowance is authorized for officers and enlisted in all pay grades at a flat rate. The rationale for establishing the 30-day threshold is unknown.

DOD has not identified frequent short-term deployments for less than 30 days as a family separation allowance issue. No proposals seeking modifications to the family separation allowance because of frequent short-term deployments have been provided to DOD for consideration as part of DOD’s Unified Legislation and Budgeting process, which reviews personnel compensation proposals. Further, DOD officials—including those in the Office of the Secretary of Defense (OSD), the services, the national guard, and reserves—were not aware of any specific concerns raised by frequently deployed servicemembers about their eligibility to receive the family separation allowance. Based on group discussions with Air Force strategic C-5 airlift aircrews, we did not identify any specific concerns regarding the lack of family separation allowance compensation associated with short-term deployments. Rather, many of the aircrew members indicated that the high pace of operations and associated unpredictability of their schedules was a greater concern to them due to the negative impact on their quality of life.

In addition to basic compensation, DOD has several special pays and allowances available to further compensate servicemembers deployed for less than 30 days. Servicemembers who are deployed for less than 30 days may be eligible to receive regular per diem, which is used to pay for lodging, meals, and incidental expenses while deployed. The per diem amount varies depending upon location. For example, these rates range from $86 to $284 per day within the continental United States and from $20 to $533 per day when outside the continental United States. Servicemembers may also be eligible to receive several other pays and allowances, such as hazardous duty pay, mission-oriented hardship duty pay, and combat zone tax exclusions. However, DOD has not implemented one special allowance—the high deployment allowance—designed, in part, to compensate those frequently deployed for short periods. Congress supported DOD’s legislative proposal to authorize the monthly high deployment allowance with passage of the National Defense Authorization Act of 2004.
Act of 2004. The high deployment allowance permits the services to compensate their members for lengthy deployments as well as frequent shorter deployments. The most recent amendment to this provision provides the Secretary of Defense with the authority to adjust a cumulative day threshold to help compensate servicemembers experiencing frequent shorter deployments. This provision also provides additional flexibility in targeting the allowance to selected occupational specialties, by allowing DOD to exclude all occupations except those that it wishes to target for additional compensation due to retention concerns. However, DOD has not established criteria that would (1) define what constitutes frequent deployments and (2) determine eligibility requirements for the high deployment allowance, nor has DOD set a timetable for establishing such criteria.

This report contains recommendations for DOD to set a timetable for establishing criteria to implement the high deployment allowance and what the criteria should include. In its comments on a draft of this report, DOD partially concurred with the report’s recommendations because it views the high deployment allowance as a peacetime authority. We believe our current wartime situation does not prevent DOD from setting a timetable for establishing criteria. Further, given the expectations for a long-term commitment to the war on terrorism, developing the criteria for implementing the high deployment allowance would provide DOD with an additional option for compensating those military personnel who are frequently deployed for short periods.
AMC, located at Scott Air Force Base, Illinois, is responsible for providing strategic airlift, including air refueling, special air missions, and aeromedical evacuation. As part of that mission, AMC is responsible for tasking 67 C-5 aircraft: 35 stationed at Travis Air Force Base in California and 32 stationed at Dover Air Force Base in Delaware. Unlike other Air Force aircraft, the C-5 is rarely deployed for more than 30 days, since it is primarily used to move cargo from the United States to locations worldwide. As a result, C-5 aircrews are deployed away from home for several weeks and then return to their home station. Other Air Force aircraft, such as the KC-10, can carry cargo but are primarily used to refuel other aircraft and can be deployed to locations around the world for extended periods of time. Since September 11, 2001, C-5 aircrews have been deployed for periods of time less than 30-days, generally ranging from 7 to 24 days.

Known for its ability to carry oversized and heavy loads, the C-5 can transport a wide variety of cargo, including helicopters and Abrams M1A1 Tanks to destinations worldwide. Recently, the C-5’s have been used for a variety of missions, including: support of presidential travel, contracted movement of materials by other government organizations, training missions, and support of operations Enduring and Iraqi Freedom. In addition, the C-5 can also transport about 70 passengers. The aircrew for a C-5 is comprised of two pilots, a flight engineer, and two loadmasters. At Travis Air Force Base there are 439 active duty and 383 reserve aircrew members. At Dover Air Force Base there are 650 active duty and 344 reserve aircrew members.

Within the Office of the Secretary of Defense (OSD), the Under Secretary of Defense (Personnel and Readiness) is responsible for DOD personnel policy, including oversight of military compensation. The Under Secretary of Defense (Personnel and Readiness) leads the Unified Legislation and Budgeting process, established in 1994 to develop and review personnel compensation proposals. As part of this process, the Under Secretary of Defense (Personnel and Readiness) chairs biannual meetings, attended by the principal voting members from the Office of the Under Secretary of Defense (Personnel and Readiness), including the Principle Deputy Under Secretary of Defense (Personnel and Readiness), the Assistant Secretary of Defense (Reserve Affairs), the Assistant Secretary of Defense (Health Affairs), the Office of the Under Secretary of Defense (Comptroller), the Joint Staff, and the services’ Assistant Secretaries for Manpower and Reserve Affairs.
In 1963, Congress established the $30-per-month family separation allowance to help offset the additional expenses incurred by the dependents of servicemembers who are away from their permanent duty station for more than 30 consecutive days. According to statements made by members of Congress during consideration of the legislation establishing the family separation allowance, additional expenses could stem from costs associated with home repairs, automobile maintenance, and childcare that could not be performed by the deployed servicemember. Over the years, the eligibility requirements for the family separation allowance have changed. For example, while the family separation allowance was initially authorized for enlisted members in pay grades E-5 and above as well as to enlisted members in pay grade E-4 with 4 years of service, today the family separation allowance is authorized for servicemembers in all pay grades at a flat rate of $250 per month. Servicemembers must apply for the family separation allowance, certifying their eligibility to receive the allowance. The rationale for establishing the 30-day threshold is unknown. However, DOD officials noted that servicemembers deployed for more than 30 days do not have the same opportunities to minimize household expenses as those who are deployed for less than 30 days. For example, servicemembers who are able to return to their permanent duty locations may perform home repairs and do not have to pay someone to do these tasks for them.

The 1963 family separation allowance legislation was divided into two subsections, one associated with overseas duty and one associated with any travel away from the servicemembers home station. The first subsection was intended to compensate servicemembers who were permanently stationed overseas and were not authorized to bring dependents. The second subsection was intended to compensate servicemembers for added expenses associated with their absence from their dependents and permanent duty station for extended periods of time regardless of whether the members were deployed domestically or overseas. Originally, this aspect of family separation compensation was also to be based on the allowance for living quarters. At that time, members would receive one-third the allowance for living quarters or a flat rate of $30 per month, whichever amount was larger. In July of 1963, the Senate heard testimony from DOD officials who generally agreed with the proposed legislation, but raised concerns about using the allowance for living quarters as a baseline. Their concerns were related to the complexity of determining the payments and the inequities associated with tying payment to rank. Ultimately, DOD proposed and the Congress accepted a flat rate of $30 per month for eligible personnel.
DOD Has Not Identified Frequent Deployments Less Than 30-days as a Family Separation Allowance Issue

DOD has not identified frequent short-term deployments less than 30-days as a family separation allowance issue. No proposals seeking modifications to the family separation allowance because of frequent short-term deployments have been provided to DOD for consideration as part of DOD's Unified Legislation and Budgeting process, which reviews personnel compensation proposals. Since 1994, a few proposals have been made seeking changes to allowance amounts and eligibility requirements. None of the proposals sought to change the 30-day eligibility threshold. Further, our discussions with OSD, service, and reserve officials did not reveal any concerns related to frequent short-term deployments and the family separation allowance. To analyze concerns that might be raised by those experiencing frequent short-term deployments, we conducted group discussions with Air Force strategic C-5 airlift aircrews at Travis Air Force Base, which we identified as an example of servicemembers who generally deploy for periods less than 30 days. We did not identify any specific concerns regarding compensation received as a result of short-term deployments. We found that the C-5 aircrews were generally more concerned about the high pace of operations and associated unpredictability of their schedules, due to the negative impact on their quality of life, than about qualifying for the family separation allowance.

DOD's Proposals to Change Family Separation Allowance Have Been Minimal

DOD has proposed few changes to the amount of the family separation allowance and no proposals have been submitted to alter the 30-day eligibility threshold. Our review of proposals submitted through DOD's Unified Legislation and Budgeting process revealed that DOD has considered one proposal to change the amount of the monthly family separation allowance since 1994. In 1997, an increase in the family separation allowance from $75 to $120 was proposed. This provision was not approved by DOD.

Since 1994, three modifications to the eligibility criteria have also been proposed. In 1994, a proposal was made to allow payment of the family separation allowance for members embarked on board a ship or on temporary duty for 30 consecutive days, whose family members were authorized to accompany the member but voluntarily chose not to do so. The proposal was endorsed by DOD and accepted by Congress. In 2001, DOD considered but ultimately rejected a similar proposal that would have applied to all members who elect to serve an unaccompanied tour of duty. The third proposal sought to modify the use of family separation allowance for joint military couples (i.e. one military member married to another military member). According to a DOD official, while this proposal was not endorsed by DOD, Congress ultimately passed legislation
that clarified the use of family separation allowance for joint military couples. The family separation allowance is now payable to joint military couples, provided the members were residing together immediately before being separated by reason of their military orders. Although both may qualify for the allowance, only one monthly allowance may be paid to a joint military couple during a given month. If both members were to receive orders requiring departure on the same day, then payment would be made to the senior member.

Aircrews More Concerned about Unpredictability of Their Deployments Than Compensation

Overall, C-5 aircrew members and aircrew leadership with whom we met noted that the unpredictability of missions was having more of an adverse impact on crewmembers' quality of life than the compensation they receive as a result of their deployments. For example, several aircrew members at Travis Air Force Base indicated that over the past two years, they have been called up on very short advance notice, as little as 12 hours, and sent on missions lasting several weeks, making it difficult to conduct personal business or make plans with their families. According to the aircrew members and both officer and enlisted leadership with whom we met, the unpredictability of their missions is expected to continue for the foreseeable future due to the global war on terrorism. Officials informed us that the average number of days by month that aircrew members have been deployed has increased since September 11, 2001, with periods of higher activity, or surges. For example, as shown in figure 1, the average number of days in September 2001 that AMC C-5 co-pilots were deployed was 9. Since then, the average number of days by month that C-5 co-pilots were deployed has fluctuated between 12 and 19. Prior to September 2001, available data shows a low monthly average of 5 days in January 2001.
Figure 1: Average Number of Days C-5 Co-Pilots Have Been Deployed, January 2001 through December 2003

Source: Air Mobility Command.

Note: This data represents the average number of days C-5 co-pilots have been deployed. According to AMC, the deployment trends for co-pilots are representative of other C-5 aircrew members deployment activity.

While the average number of days deployed has fluctuated, aircrew members expressed concern about the intermittent suspension of pre- and post-mission crew rest periods that have coincided with increased operations. Generally, these periods have been intended to ensure that aircrew members have enough rest prior to flying another mission. However, aircrew members noted that crew rest periods also allow them to perform other assigned duties and spend time with their families. During our discussion-group meetings, aircrew members indicated that the rest period after a mission had been reduced from as much as 4 days to as little as 12 hours due to operational needs.
In addition to basic compensation, DOD has several special pays and allowances available to further compensate servicemembers deployed for less than 30 days. Servicemembers who are deployed domestically or overseas for less than 30 days may be eligible to receive regular per diem. The per diem amount varies depending upon location. Servicemembers also may be eligible to receive other pays and allowances, such as hazardous duty pay, mission-oriented hardship duty pay, and combat-zone tax exclusions. However, DOD has not implemented one special allowance designed, in part, to compensate those frequently deployed for short periods. Congress supported DOD's legislative proposal to authorize a monthly high-deployment allowance with passage of the National Defense Authorization Act for Fiscal Year 2004. This provision allows the services to compensate their members for lengthy deployments as well as frequent shorter deployments. However, DOD has not set a timetable for establishing criteria to implement this allowance.

| Personnel Deployed Less Than 30 Days May Be Eligible to Receive Additional Compensation |
| In addition to basic military pay, servicemembers who are deployed for less than 30 days may also be eligible to receive regular per diem, other special pays and allowances, and tax exclusions (see table 1). |

| Additional Compensation Available for Eligible Personnel Deployed Less Than 30 Days |
| In addition to basic compensation, DOD has several special pays and allowances available to further compensate servicemembers deployed for less than 30 days. Servicemembers who are deployed domestically or overseas for less than 30 days may be eligible to receive regular per diem. The per diem amount varies depending upon location. Servicemembers also may be eligible to receive other pays and allowances, such as hazardous duty pay, mission-oriented hardship duty pay, and combat-zone tax exclusions. However, DOD has not implemented one special allowance designed, in part, to compensate those frequently deployed for short periods. Congress supported DOD's legislative proposal to authorize a monthly high-deployment allowance with passage of the National Defense Authorization Act for Fiscal Year 2004. This provision allows the services to compensate their members for lengthy deployments as well as frequent shorter deployments. However, DOD has not set a timetable for establishing criteria to implement this allowance. |
Table 1: Special Pays and Allowances Available for Short-Term Deployments as of June 2004

<table>
<thead>
<tr>
<th>Type of special pay or allowance</th>
<th>Purpose</th>
<th>Qualification requirements</th>
<th>Amount</th>
</tr>
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<tr>
<td>Per diem</td>
<td>To reimburse servicemembers for lodging, meal, and incidental expenses incurred while on government travel</td>
<td>Must perform temporary duty of more than 12 hours at a location to receive any of the per diem rates for that location</td>
<td>Varies by location</td>
</tr>
<tr>
<td>Hostile fire and imminent danger pay</td>
<td>To recognize members subject to hostile fire or explosion of hostile mine, or service in designated imminent danger area</td>
<td>Must be subject to event of hostile fire/explosion of hostile mine, or must perform official duty in designated imminent danger area (e.g., Iraq)</td>
<td>$225/month*</td>
</tr>
<tr>
<td>Mission-oriented hardship duty pay</td>
<td>To compensate a servicemembers' performance of a designated hardship mission</td>
<td>Must perform a designated hardship mission (e.g., remains recovery in remote area of Vietnam)</td>
<td>$150/month</td>
</tr>
<tr>
<td>Combat-zone tax exclusion</td>
<td>To recognize members while in a combat zone or a qualified hazardous duty area.</td>
<td>Must perform official duty in a designated combat area (e.g., Persian Gulf)</td>
<td>One month tax exclusion; amount varies based on taxable military pay</td>
</tr>
</tbody>
</table>

Source: GAO

Note: Table does not include selected reenlistment bonuses or career incentive pays, such as aviator continuation pay.

*The amount of hostile fire and imminent danger pay last changed in 1990 from $110 to $150 per month. The fiscal year 2003 Emergency Wartime Supplemental Appropriations Act temporarily increased the monthly rate of this pay from $150 to $225 per month. This increase has been extended through December 31, 2004. However, if Congress takes no further action, this rate will revert to $150 per month on January 1, 2005.

Per Diem

When servicemembers are performing temporary duty away from their permanent duty station, they are entitled to per diem, which provides reimbursement for meals, incidental expenses, and lodging. To be eligible for per diem, servicemembers must perform temporary duty for more than 12 hours at a location to receive any of the per diem rate for that location. The per diem rates are established by: the General Services Administration, the State Department, and DOD's Per Diem, Travel, and Transportation Allowance Committee. The rates range from $86 to $284 per day within the continental United States and from $20 to $533 per day when outside the continental United States, depending on whether government meals and lodging are provided. Aircrews can earn various per diem rates during the course of their travel. For example, a typical two-week mission for Travis C-5 aircrew members would take them to Dover Air Force Base, then to Moron, Spain, and then to Baghdad, Iraq. At

4 37 U.S.C. § 404 and § 405
each of these locations, the aircrews can spend a night allowing them to accrue applicable per diem rates for that location. According to the Air Force, per diem rates for a typical C-5 mission are as follows: $157 for Dover Air Force Base; $235 for Moron, Spain; and $154 for Baghdad, Iraq. In some cases, aircrews may receive a standard $3.50 per day for incidental expenses, when they are at locations where the government can provide meals and lodging. This is the standard per diem rate used to compensate servicemembers traveling outside of the continental United States when the government can provide lodging and meals.

Hostile Fire and Imminent Danger Pay

Hostile Fire and Imminent Danger Pay are pays that provide additional compensation for duty performed in designated areas where the servicemembers are subject to hostile fire or imminent danger. Both pays are derived from the same statute and cannot be collected simultaneously. Servicemembers are entitled to hostile fire pay, an event-based pay, if they are (1) subjected to hostile fire or explosion of hostile mines; (2) on duty in an area close to a hostile fire incident and in danger of being exposed to the same dangers actually experienced by other servicemembers subjected to hostile fire or explosion of hostile mines; or (3) killed, injured, or wounded by hostile fire, explosion of a hostile mine, or any other hostile action. Imminent danger pay is a threat-based pay intended to compensate servicemembers in specifically designated locations, which pose a threat of physical harm or imminent danger due to civil insurrection, civil war, terrorism, or wartime conditions. To be eligible for this pay in a month, servicemembers must have served some time, one day or less, in one of the designated zones during the month. The authorized amount for hostile fire and imminent danger pay is $150 per month, although the fiscal year 2003 Emergency Wartime Supplemental Appropriations Act temporarily increased the amount to $225 per month. If Congress takes no further action, the rate will revert to $150 per month in January 2005.

Mission-Oriented Hardship Duty Pay

Mission-oriented hardship duty pay compensates military personnel for duties designated by the Secretary of Defense as hardship duty due to the arduousness of the mission. Mission-oriented hardship duty pay is payable

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5 37 U.S.C. § 310

6 37 U.S.C. § 305 authorizes special pay for uniformed servicemembers performing hardship duty and directs the Secretary of Defense to prescribe regulations implementing hardship duty pay. There are two types of hardship duty pay—hardship duty pay for mission assignment and hardship duty pay for location assignment. Hardship duty pay for location assignment is payable to members for duty in a designated hardship location for more than 30 consecutive days. Personnel must be in a designated hardship location at least 31 days to qualify for this pay.
at a monthly rate up to $300, without prorating or reduction, when the member performs the specified mission during any part of the month. DOD has established that this pay be paid at a flat monthly rate of $150 per month. Active and Reserve component members who qualify, at any time during the month, receive the full monthly mission-oriented hardship duty pay, regardless of the period of time on active duty or the number of days they receive basic pay during the month. This pay is currently only available to servicemembers assigned to, on temporary duty with, or otherwise under the Defense Prisoner of War/Missing Personnel Office, the Joint Task Force-Full Accounting, or Central Identification Lab-Hawaii. Hardship duty includes missions such as locating and recovering the remains of U.S. servicemembers from remote, isolated areas including, but not limited to, areas in Laos, Cambodia, Vietnam, and North Korea.

**Combat-Zone Tax Exclusion**

The combat-zone tax exclusion provides exclusion from federal income tax, as well as income tax in many states, to servicemembers serving in a presidentially designated combat zone or in a statutorily established hazardous duty area for any period of time. For example, although the C-5 aircrews at Travis and Dover Air Force Bases do not serve in a designated combat zone for an extended period of time, many of the missions that they fly may be within areas designated for combat-zone tax exclusion eligibility. Enlisted personnel and warrant officers may exclude all military compensation earned in the month in which they perform active military service in a combat-zone or qualified hazardous duty area for active military service from federal income tax. For commissioned officers, compensation is free of federal income tax up to the maximum amount of enlisted basic pay plus any imminent danger pay received.

**DOD Has Not Developed Criteria to Implement the High Deployment Allowance**

DOD has not established criteria defining what constitutes frequent deployments, nor has it determined eligibility requirements in order to implement the high deployment allowance. DOD sought significant modifications to high deployment compensation through a legislative proposal to the National Defense Authorization Act for Fiscal Year 2004. Congress had established a high deployment per diem as part of the

7 26 U.S.C. § 112

8 In 2004, the maximum amount of compensation for commissioned officers that is eligible for combat zone tax exclusion is $6,091 plus $225 (imminent danger pay), or $6,316 per month.
Pursuant to statutorily granted authority, on October 8, 2001, DOD waived application of the high deployment compensation in light of the ongoing military response to the terrorist attacks on September 11, 2001. After implementing the waiver authority, DOD sought legislative changes to the high deployment compensation in an effort to better manage deployments.

DOD's proposal sought, among other things, to: (1) change high-deployment compensation from a per diem rate to a monthly allowance, (2) reduce the dollar amount paid so that it was more in line with other special pays (e.g. hostile fire pay), and (3) allow DOD to recognize lengthy deployments as well as frequent deployments. The National Defense Authorization Act for Fiscal Year 2004 reflects many of DOD's proposed changes. The act changed the $100 per diem payment into an allowance not to exceed $1,000 per month. To help compensate those servicemembers who are frequently deployed, the act established a cumulative 2-year eligibility threshold not to exceed 401 days. Also, the act provided the Secretary of Defense with the authority to prescribe a cumulative threshold lower than 401 days. Depending upon where the Secretary of Defense establishes the cumulative threshold, servicemembers, such as the C-5 aircrews, serving multiple short-term deployments may be compensated through the high deployment allowance. Once a servicemembers' deployments exceed the established cumulative day threshold for the number of days deployed, the member is to be paid a monthly allowance not to exceed $1,000 per month at the beginning of the following month. From that point forward, the servicemember will continue to qualify for the allowance as long as the total number of days deployed during the previous 2-year period exceeds the cumulative threshold established by the Secretary of Defense. The high deployment allowance is in addition to per diem and any other special pays and allowances for which the servicemember might qualify. Moreover, the servicemember does not have to apply for the allowance, as the act mandated that DOD track and monitor days deployed and make payment accordingly. Finally, DOD may exclude specified duty assignments from eligibility for the high deployment allowance (e.g., sports teams or senior officers). According to DOD officials, this provision

9 37 U.S.C § 436

10 The act also established a maximum 191-day consecutive day deployment threshold. The Secretary of Defense was given the authority to prescribe a lower consecutive day threshold.
also provides additional flexibility in targeting the allowance to selected occupational specialties, by allowing DOD to exclude all occupations except those that it wishes to target for additional compensation because of retention concerns. The Senate report accompanying the bill that amended the high deployment provision encouraged DOD to promptly implement these changes. However, DOD officials told us that a timetable for establishing the criteria necessary to implement the high deployment allowance has not been set. Although we could not ascertain exactly why DOD had not taken action to implement the high deployment allowance, OSD officials informed us that the services had difficulty reaching agreement on what constitutes a deployment for purposes of the high deployment payment.

The family separation allowance is directed at enlisted servicemembers and officers whose dependents incur extra expenses when the servicemember is deployed for more than 30 consecutive days. We found no reason to question the eligibility requirements that have been established for DOD’s family separation allowance. We believe that no basis exists to change the 30-day threshold, as a problem has not been identified with the family separation allowance. Further, servicemembers who deploy for less than 30 days may be eligible to receive additional forms of compensation resulting from their deployment, such as per diem, other special pays and allowances, and tax exclusions.

Since the terrorists’ attacks on September 11, 2001, some servicemembers have experienced more short-term deployments. Given the long-term nature of the global war on terrorism, this increase in the frequency of short-term deployments is expected to continue for the foreseeable future. DOD will need to assure adequate compensation for servicemembers using all available special pays and allowances in addition to basic pay. While the aircrews with whom we met did not express specific concerns about compensation, they, like other servicemembers, are concerned about quality-of-life issues. The high deployment allowance could help to address such issues for servicemembers, while helping to mitigate DOD’s possible long-term retention concerns. Also, unlike the family separation allowance, the high deployment allowance could be used to compensate servicemembers regardless of whether or not they have dependents. Although the Senate report accompanying the bill that amended the high

\[11\] S. Rept. 108-46
deployment provision encouraged DOD to promptly implement these changes, the Secretary of Defense has not taken action to implement the high deployment allowance.

**Recommendations**

We recommend that the Secretary of Defense direct the Deputy Undersecretary of Defense (Personnel and Readiness), in concert with the Service Secretaries and the Commandant of the Marine Corps, to take the following three actions:

- set a timetable for establishing criteria to implement the high deployment allowance;
- define, as part of the criteria, what constitutes frequent short-term deployments within the context of the cumulative day requirement as stated in the high deployment allowance legislation; and
- determine, as part of the criteria, eligibility requirements targeting the high deployment allowance to selected occupational specialties.

**Agency Comments and Our Evaluation**

In written comments on a draft of this report, DOD partially concurred with our recommendations that it set a timetable for establishing criteria to implement the high deployment allowance and what the criteria should include. While DOD agreed that servicemembers should be recognized with additional pay for excessive deployments, it stated that DOD has not implemented the high deployment allowance because it views the high deployment allowance as a peacetime authority. Further, DOD stated that since we are in a wartime posture, it is more difficult to control the pace of deployments than during peacetime. DOD’s response noted that it has elected to exercise the waiver given to it by Congress to suspend the entitlement for reasons of national security. DOD also noted that it has encouraged the use of other flexible pay authorities to compensate servicemembers who are away from home for inordinate periods. Finally, DOD stated that it would reassess the use of the high deployment allowance at some point in the future.

We do not believe that the nation’s current wartime situation prevents DOD from taking our recommended actions. The first recommended action being to set a timetable for establishing criteria to implement the high deployment allowance. We did recognize in our report that pursuant to statutorily granted authority, on October 8, 2001, DOD waived application of the high deployment allowance in light of the ongoing military response to the terrorist attacks on September 11, 2001. However, since then, DOD sought modifications through a legislative proposal to the National Defense Authorization Act for Fiscal Year 2004 for more
To assess the rationale for family separation allowance eligibility requirements, including the rationale for the 30-day threshold, we reviewed the legislative history concerning the family separation allowance and analyzed DOD policies implementing this pay. We also interviewed officials in the offices of the Under Secretary of Defense (Personnel and Readiness); the Secretaries of the Army, Navy, and Air Force; the Commandant of the Marine Corps; the Air National Guard; and the Air Force Reserve.

To determine the extent to which DOD had identified frequent short-term deployments as a family separation allowance issue, we reviewed...
proposals submitted through DOD’s Unified Legislation and Budgeting process. We met with compensation representatives from the Office of the Under Secretary of Defense (Personnel and Readiness) and each of the services. We interviewed officials with the Defense Manpower Data Center and the Defense Finance and Accounting Service. We sought to use DOD’s database for tracking and monitoring deployments to determine the extent of servicemembers experiencing frequent deployments lasting less than 30 days. We were not able to use the database for the purposes of our report to discern the number of deployments by location lasting less than 30 days, since more than 40 percent of the data for location was not included in the database. In addition, the database did not contain information related to some types of non-deployment activities (e.g. training), which we deemed important to our review. We focused our study on the Air Force since the fiscal year 2003 Secretary of Defense Annual Report to the President and Congress showed that the Air force was the only service whose members were deployed less than 30 days on average in fiscal year 2002. Further, through discussions with Air Force officials we identified strategic aircrews managed by the AMC as examples of those who would most likely be experiencing short-term deployments. We visited AMC, where we met with officials from personnel, operations, finance, and the tactical airlift command center. To understand the views of one group of short-term deployers, we visited Travis Air Force Base in California where we met with officer and enlisted leadership for the C-5 and KC-10 aircraft. We held discussion groups with 12 officers and 12 enlisted aircrew members from both aircraft, for a total of 48 aircrew members. We visited Dover Air Force Base in Delaware where we met with C-5 officer and enlisted leadership. We also met with officials representing personnel, operations, and finance offices at both Travis and Dover Air Force Bases. We assessed the reliability of AMC C-5 copilot deployment data, as well as data contained in the fiscal year 2003 Secretary of Defense Annual Report to the President and Congress. GAO’s assessment consisted of (1) reviewing existing information about the data and the systems that produced them, (2) examining the electronic data for completeness, and (3) interviewing agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

To assess what special pays and allowances are available, in addition to basic compensation, to further compensate servicemembers deployed for less than 30 days, we identified special pays and allowances that do not have a time eligibility factor through the DOD’s Military Compensation Background Papers, legislative research, and discussions with OSD officials. We reviewed the legislative history regarding recent
We are sending copies of this report to the Secretary of Defense; the Under Secretary of Defense (Personnel and Readiness); the Secretaries of the Army, the Air Force, and the Navy; the Commandant of the Marine Corps; and the Director, Office of Management and Budget. We will also make copies available to appropriate congressional committees and to other interested parties on request. In addition, the report will be available at no charge at the GAO Web site at http://www.gao.gov.

If you or your staff have any questions concerning this report, please call me at (202) 512-5559 or Brenda S. Farrell at (202) 512-3604. Major contributors to this report were Aaron M. Adams, Kurt A. Burgeson, Ann M. Dubois, Kenya R. Jones, and Ronald La Due Lake.

Derek B. Stewart
Director, Defense Capabilities and Management
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Appendix I: Comments from the Department of Defense

Note: A GAO comment supplementing those in the report text appears at the end of this appendix.

OFFICE OF THE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

JUN 8 2004

Mr. Derek B. Stewart
Director, Defense Capabilities and Management
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Stewart:

This is the Department of Defense (DoD) response to the General Accounting Office draft report GAO-04-805, “MILITARY PERSONNEL: DoD Has Not Implemented the High Deployment Allowance That Could Compensate Service members Deployed Frequently for Short Periods,” (GAO Code 350467 (Review of Special Pays and Allowances for Frequent Short-term Deployers)).

The Department notes GAO has retitled the draft report by its primary finding, which does not address the study purpose - to review special pays and allowances for frequent short-term deployers. While technically factual, the new title leaves the impression the Department is not compensating Service members for serving in inordinate Personnel Tempo (PERSTEMPO) situations. That is not true. For just the month in which this report is issued, the Army will pay about $20 million to 20,000 troops in Iraq for high deployment time alone. The payments, however, are being made under a statutory authority other than High Deployment Allowance (HDA) (for reasons explained in the enclosed response to the report recommendation). Our preference is that the title be amended to reflect the report content, not a single finding.

The report reflects that GAO found that Service members interviewed “did not identify any specific concerns regarding compensation received as a result of short-term deployments,” that they indicated the increased tempo of operations being experienced is the issue of concern with them, not pay. While higher PERSTEMPO in the current wartime environment is an unfortunate fact, the Department recognizes that members incurring inordinate tempo should be paid additional compensation in recognition of the higher stress that incurs to the individual. To that end, the Department has implemented pay authorities to address specific PERSTEMPO issues for those in the force serving in the most arduous of circumstances, and has been reviewing alternatives to determine the best solution to financially recognize others in the force serving in high tempo (cumulative as well as consecutive) situations.

The reason the Department has not implemented HDA is primarily that we view HDA as a peacetime authority. The intent of the law was to have the Services control a member’s personal tempo or pay for the failure to do so out of Operations and Maintenance funding. In recognition of the fact that Services can control tempo in

See comment 1.
Appendix I: Comments from the Department of Defense

peacetime but not wartime, Congress included a National Security Waiver in the law that allows the Secretary of Defense to suspend the entitlement for reasons of National Security.

GAO fails to acknowledge throughout the report that DoD has exercised the exact discretion Congress intended when it stipulated that HDA may be suspended during periods of national emergency -- which is precisely the action the Department invoked following the events of September 11, 2001, and the reason HDA is not currently implemented within the Department. The report, by contrast, leaves the impression the reason HDA has not been implemented is in part due to “the Services [having] had difficulty reaching agreement on what does constitute a deployment for purposes of the high deployment payment.”

Further, GAO does not include in the report the numerous initiatives that have been implemented by DoD to address hardships for those serving protracted deployments, particularly in combat areas -- which has been a major focus of DoD legislative, policy, and budget-allocation actions. Finally, GAO presents no analysis supporting a different approach, and merely asserts that the absence of implementation of HDA is a problem without ever identifying why GAO believes it necessary and cost effective.

Notwithstanding the noted shortcomings, the Department partially concurs with the recommendation. The enclosed response to that recommendation clarifies current pay authorities being used to recognize those in the force serving in the highest deployment situations, and those being actively considered for other members. Detailed comments to the recommendations are enclosed. Technical comments were provided directly to GAO staff for consideration.

Comments or questions should be addressed to Ms. Nina Fountain at (703) 693-1067, or nina.fountain@osd.mil.

Sincerely,

[Signature]

Charles S. Abell
Principal Deputy

Enclosures:
As stated
Appendix I: Comments from the Department of Defense

GAO DRAFT REPORT – DATED MAY 26, 2004
GAO CODE 350467/GAO-04-805

“MILITARY PERSONNEL: DoD Has Not Implemented the High Deployment Allowance That Could Compensate Servicemembers Deployed Frequently for Short Periods”

DEPARTMENT OF DEFENSE COMMENTS TO THE RECOMMENDATION

RECOMMENDATION: GAO recommends that the Secretary of Defense direct the Deputy Under Secretary of Defense (Personnel and Readiness), in concert with the Service Secretaries and the Commandant of the Marine Corps, to take the following actions:

- set a timetable for establishing criteria to implement the high deployment allowance,
- define, as part of the criteria, what constitutes frequent short-term deployments within the context of the cumulative day requirement as stated in the high deployment allowance legislation, and
- determine, as part of the criteria, eligibility requirements targeting the high deployment allowance to selected occupational specialties (p. 18/GAO Draft Report)

DOD RESPONSE: Partially concur. The Department agrees in principle with the underlying intent of GAO’s recommendation, which we understand to be that the Department establish a program to financially recognize members deployed inordinately (on a cumulative as well as continuous basis). Certain special pays and benefits already extend to members during deployments as outlined in this report. Those deployed into dangerous areas (such as Iraq) for even brief periods, as noted in the report, receive a full month’s Imminent Danger Pay and Combat Zone Tax Exclusion. The report is clear that the members GAO interviewed “did not identify any specific concerns regarding compensation received as a result of short-term deployments,” that members GAO interviewed indicated the increased tempo of operations they’ve been experiencing is the issue of concern with them, not pay. Increased tempo is an unfortunate direct result of the current wartime operating environment.

The Department has been reviewing with the Services alternatives to the High Deployment Allowance (HDA) authority since mid-2003 to determine the best way to financially recognize members who serve in a high tempo situation in the current wartime scenario, to include Hardship Duty Pay (HDP) (37 USC §305). High Deployment Per Diem (HDPD) (the predecessor to HDA), enacted in the FY2000 NDAA, was created as a peacetime authority. It entitled members performing in specified deployment tempo situations to $100 per diem. The intent of that law was to force the Services to control individual member tempo or pay the price for its decision out of Operations and Maintenance (O&M) funding. In recognition of the fact that Services can control tempo in peacetime but not wartime, Congress included a National Security Waiver in the law, it allows the Secretary of Defense to suspend the entitlement for reasons of National Security. As the country was moving into a wartime stance after September 11, 2001, the Department appropriately exercised the National Security Waiver provision. While Interim PERSTEMPO Policy Guidance was issued in November 2001, the National Security Waiver remains in effect.
In spring 2003, the Department pursued an amendment to the HDJD statute to change the authority from a per diem to a monthly allowance, the mandated payment from O&M dollars was kept in force. The Department has not implemented HDA to date, but has been using other special pay authorities to financially recognize members inordinately deployed in the most arduous of circumstances. For example, members in Iraq and Afghanistan serving beyond 12 months are receiving additional pay (in Assignment Incentive Pay) in recognition of the extended service in these areas. Using a pay authority other than the HDA authority for this purpose accomplishes two goals: members incurring the highest deployment tempo in the most arduous circumstances are financially recognized for that service, and it does not draw on O&M dollars needed to equip the force in wartime.

The Department is working with the Services to recognize other groups of members away from home for inordinate periods, using flexible pay authorities other than HDA. For example, under the current operating environment, some members who logically should qualify for additional compensation in recognition of extended “away time” could not be so recognized with HDA but their extended time away could be recognized with other pay authorities such as Hardship Duty Pay. Briefly, under the HDA law, permanent duty assignments would not count as deployed for HDA; thus, a member could be away from his or her family for 12 months on a short permanent duty tour but not considered “deployed.” Therefore, if a member serving without his or her dependents in Korea is in a unit then sent to Iraq, the member’s “deployment” time would start upon commencing service in Iraq, when the individual could already have been away from the spouse and children for 12 months at that point. Hardship Duty Pay gives us the flexibility to structure a pay program that would recognize the time in Korea, where the HDA statutory authority would not.

The work in progress to date considers a cumulative day criteria for qualification; however, it does not consider targeting the special pay or allowance to selected occupational specialties. Regardless of the occupation in which a member serves, serving in a personal tempo situation beyond the established norm results in an arduousness for the member that the Department believes should be financially recognized.

In conclusion, the Department views High Deployment Allowance as a better fit in peace- than war-time. However, the Department fully agrees members should be recognized with additional pay for inordinate tempo, it has in measured steps been implementing the appropriate pay authorities for this purpose for those in the force incurring inordinate PERSTEMPO under the most arduous of circumstances, and is pursuing the implementation of a program that will include recognition of others serving in high tempo situations, to include cumulative as well as consecutive inordinate tempo. At an appropriate point in the future, the Department will reassess with the Services the appropriateness of continuing recognition of high PERSTEMPO under pay authorities other than HDA authority, or implementing the HDA authority. Decisions pertaining to HDA implementation timelines, as well as criteria for what constitutes frequent short-term deployments within the context of the cumulative day requirement as stated in the HDA statutory authority, would logically follow.
GAO’s Comment

1. The purpose of our congressionally directed review was to assess the special pays and allowances available to DOD that could be used to compensate servicemembers who are frequently deployed for less than 30 days. Consequently, our scope did not include an assessment of compensation for servicemembers serving lengthy, or protracted, deployments of 30 days or more. We found that DOD has available and is using several special pays and allowances, in addition to basic compensation, to further compensate servicemembers deployed for less than 30 days. However, we also found that DOD has one special allowance, the high deployment allowance, that is not available to provide further compensation to servicemembers who frequently deploy for less than 30 days and that DOD has not set a timetable to establish criteria to implement the allowance. During our review, we could not ascertain exactly why DOD had not taken action to develop criteria for implementing the high deployment allowance. During several discussions, OSD officials stated that the services had difficulty reaching agreement on what constitutes a deployment for the purposes of the high deployment payment. DOD’s response to our draft report noted that it has elected to exercise the waiver given to it by Congress to suspend the high deployment allowance for reasons of national security. We recognized this waiver in our report. We also noted that after DOD waived application of the high deployment payment on October 8, 2001, DOD sought legislative modifications of the high deployment payment that would give it more flexibilities to better manage this type of compensation. Congress granted DOD these flexibilities and encouraged DOD to promptly implement these changes. As noted in our report, given the expectations for a long-term commitment to the war on terrorism, developing the criteria for implementing the new high deployment allowance would provide DOD with an additional option for compensating those military personnel who are frequently deployed for short periods of time. Also, the high deployment allowance, unlike the family separation allowance, could be used to compensate servicemembers regardless of whether or not they have dependents and thus would reach more servicemembers.
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