

# GAO Highlights

Highlights of [GAO-17-39](#), a report to the Committee on Armed Services, U.S. Senate

## Why GAO Did This Study

DOD uses S&I pay programs to compensate and incentivize servicemembers for occupations that are dangerous, less desirable, or require special skills. Senate Report 114-49 included a provision for GAO to review the effectiveness of DOD's S&I pay programs. This report assesses (1) trends in DOD obligations for S&I pay programs for fiscal years 2005 through 2015 and the extent to which DOD reports such obligations department-wide; and (2) the extent to which the military services applied key principles of effective human capital management in the design of S&I pay programs for selected high-skill occupations for fiscal years 2010 through 2015.

GAO analyzed DOD S&I pay obligations for fiscal years 2005 through 2015; reviewed a nongeneralizable sample of S&I pay programs for nuclear propulsion, aviation, and cybersecurity occupations, chosen based on their pay programs' attributes; compared DOD and service policies and documents with key principles of effective human capital management; and interviewed DOD officials.

## What GAO Recommends

GAO is making five recommendations, including that DOD explore reporting reserve S&I pay program data, review the incorporation of human capital management principles and use of resources, and develop related measures. DOD concurred with three recommendations and partially concurred with two. GAO continues to believe that actions to fully address these two recommendations are needed, as discussed in the report.

View [GAO-17-39](#). For more information, contact Brenda S. Farrell at (202) 512-3604 or [farrellb@gao.gov](mailto:farrellb@gao.gov).

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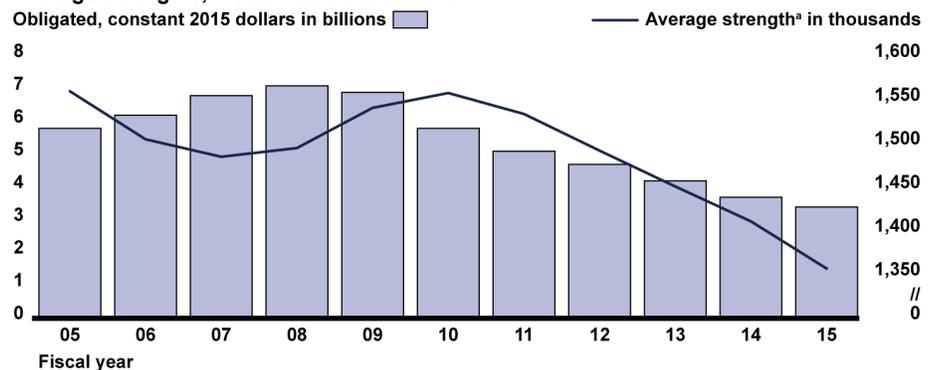
## MILITARY COMPENSATION

### Additional Actions Are Needed to Better Manage Special and Incentive Pay Programs

## What GAO Found

The Department of Defense's (DOD) special and incentive (S&I) pay obligations for active duty servicemembers decreased from fiscal years 2005 through 2015 from \$5.8 billion to \$3.4 billion (about 42 percent) in constant 2015 dollars (see fig.). DOD officials attributed the decrease to a combination of reduced overseas contingency operations, a reduced annual average strength of the force, and a favorable recruiting climate. DOD does not collect and report complete S&I obligation data for the reserve components because, according to officials, there is no requirement to do so and the services would likely need to make changes to their financial and personnel systems to separately track the obligations. However, according to officials, DOD has not explored cost-effective approaches to collect and report this information, which would better position the department to know the full cost of its S&I pay programs.

**Active Duty Personnel Special and Incentive Pay Program Obligations and Total Active Duty Average Strengths, Fiscal Years 2005 - 2015**



Source: GAO analysis of Department of Defense data. | GAO-17-39

The military services largely applied key principles of effective human capital management in the design of their S&I pay programs for nuclear propulsion, aviation, and cybersecurity occupations. However, the application of these key principles varied by service and occupation. Only the Navy's S&I pay programs for nuclear propulsion and aviation fully addressed all seven principles; programs for other occupations and services generally exhibited a mixture of full and partial application. GAO found that, according to officials, DOD and the services had not taken steps to fully ensure consistent application of the principles. For example, DOD has not reviewed the extent to which its S&I pay programs have incorporated principles of effective human capital management and used resources efficiently. DOD also has not established related measures to ensure efficient use of resources. Without such measures, DOD and the services generally assess the effectiveness of S&I pay programs by the extent to which they achieve desired staffing targets. However, this approach does not ensure that S&I pay programs are using resources in the most efficient manner, as DOD guidance requires. Until DOD reviews the extent to which S&I pay programs have incorporated human capital management principles and used resources efficiently—and develops related measures for efficient use of resources—DOD and the services may lack assurance that S&I pay programs are effective and that resources are optimized for the greatest return on investment.