



October 2017

RESERVE COMPONENT TRAVEL

DOD Should Assess the Effect of Reservists' Unreimbursed Out-of- Pocket Expenses on Retention

GAO Highlights

Highlights of [GAO-18-181](#), a report to congressional committees

Why GAO Did This Study

About 91 percent of DOD's 811,000 reservists are part-time, performing military service in addition to civilian employment and careers. These reservists may have to travel to perform required military training or other duties.

The National Defense Authorization Act for Fiscal Year 2017 contains a provision for GAO to review the cost of travel for members of the reserve components. This report (1) describes the conditions under which reservists may incur unreimbursed out-of-pocket travel expenses in connection with their service, and (2) addresses the extent to which DOD has assessed the effect of reservists' unreimbursed out-of-pocket travel expenses on retention.

GAO reviewed DOD's *Joint Travel Regulations* and interviewed officials to determine conditions under which reservists might incur unreimbursed travel expenses. It also compared DOD's efforts to analyze the effect of such expenses with federal internal control standards, which state that management requires quality information to make informed decisions and evaluate an entity's performance in achieving key objectives.

What GAO Recommends

GAO is recommending that DOD collect quality information and conduct an analysis of the potential effects of reservists' unreimbursed travel expenses on retention, and respond to these risks by considering the costs and benefits of any possible actions to address the identified issues. DOD concurred with this recommendation.

View [GAO-18-181](#). For more information, contact Andrew Von Ah at (213) 830-1011 or vonaha@gao.gov.

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DOD Should Assess the Effect of Reservists' Unreimbursed Out-of-Pocket Expenses on Retention

What GAO Found

Reservists may incur unreimbursed out-of-pocket expenses under certain conditions in connection with their service. Although the Department of Defense's (DOD) six reserve components reported paying or reimbursing \$925 million in travel costs for reservists in fiscal year 2015, the most recent year for which data were available, reservists may still incur various expenses that are not reimbursable under DOD's travel regulations.

Officials responsible for travel regulations told us that unreimbursed travel expenses for reservists generally arise because it is DOD's policy to: (1) not provide reimbursement, except in limited circumstances, for the cost of travel to attend Inactive Duty Training (i.e., the "1 weekend a month" training commitment for reservists) and (2) consider longer duration training or assignments as a Permanent Change of Station—a change in reservists' home of record—and not as temporary travel. The National Defense Authorization Act for 2008 established a reimbursement program for Inactive Duty Training travel costs, but reservists must meet certain eligibility criteria, such as serving in a critical occupation, and not all service Secretaries have chosen to participate. Under the program, reimbursement is limited to \$300 for each roundtrip to the training location. Further, DOD's policy to consider longer duration training or assignments as a Permanent Change of Station may also result in unreimbursed expenses. Specifically, according to DOD officials, reservists may have to maintain two households if, because of their part-time status, they decide not to move themselves and their families to the location of Active Duty Training for 140 days or longer, or of other active duty assignments for 181 days or longer.

DOD and the services have conducted a few limited assessments of the potential effect of reservists' unreimbursed travel expenses on the retention of reservists. However, several DOD reports and studies and officials whom GAO interviewed have expressed concern that such unreimbursed expenses may, among other factors, be a challenge for reservists and may therefore negatively affect retention. For example, a 2012 survey commissioned by the Army Reserve of a small sample of reservist officers potentially eligible for battalion command positions reported that unreimbursed travel costs were among several factors that could influence their decision to apply for these positions. DOD and the reserve components are considering changes to reserve travel policy to mitigate the effect of unreimbursed expenses on reservists, by, for example, increasing the \$300 limit for Inactive Duty Training reimbursement. However, without the benefit of quality information, DOD risks not managing the potential influence of these policies on reservists' retention or agency expenditures.

Contents

Letter		1
	Background	3
	Reservists May Incur Out-of-Pocket Travel Expenses under Certain Conditions	6
	DOD Has Not Fully Assessed the Potential Effect of Unreimbursed Out-of-Pocket Travel Expenses on the Retention of Reservists	14
	Conclusions	17
	Recommendations for Executive Action	17
	Agency Comments and Our Evaluation	17
Appendix I	Reserve Components' Reported Travel Costs for Fiscal Year 2015	20
Appendix II	Comments from the Department of Defense	22
Appendix III	GAO Contact and Staff Acknowledgments	24
Tables		
	Table 1: Examples of Travel Reimbursement Eligibility for Inactive Duty Training Expenses in the Army Reserve	8
	Table 2: Reserve Components' Reported Travel Costs for Annual Training, Inactive Duty Training and All Other Travel Costs for Fiscal Year 2015	21
Figure		
	Figure 1: Example of the Basic Allowance for Housing and the Temporary Lodging Reimbursements for Reservist Performing Active Duty for Training in 2017	13

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October 16, 2017

Congressional Committees

Of the Department of Defense's (DOD) 2.1 million servicemembers in 2016, more than 811,000 serve in the department's six reserve components—the Army National Guard, the Army Reserve, the Air Force Reserve, the Air National Guard, the Marine Corps Reserve, and the Navy Reserve.¹ In 2011, DOD stated that it had transformed its reliance on the reserve component, from considering it to be a strategic force of last resort to using the component as an operational reserve to be deployed on a periodic basis.² When not deployed, reservists travel to perform training and other reserve duties, ranging from monthly weekend drills to long-duration training for career fields such as cyber defense or for maintaining skills such as proficiency in foreign languages. About 91 percent of reservists are part-time, performing military service in addition to civilian employment, and may have to travel to perform training or other duties if they do not live close to the location where they train or are needed for other duties.³ DOD's 2012 *Report of the Eleventh Quadrennial Review of Military Compensation*⁴ noted concerns over reservists' unreimbursed expenses to perform military service, and a 2008 report by the Commission on the National Guard and Reserves⁵ cited similar concerns as having possible effects on retention.⁶

The Under Secretary of Defense for Personnel and Readiness has overall responsibility for commercial travel management and policy. The Defense

¹ The Selected Reserve actual endstrength for fiscal year 2016 as of May 2017 is based on our analysis of DOD data reported in the six reserve components' Fiscal Year 2018 Reserve Personnel budget justification documents.

² DOD, *Comprehensive Review of the Future Role of the Reserve Component*, Vol. 1 (Apr. 5, 2011).

³ The percentage of reservists who are part-time is based on our analysis of DOD data reported in the six reserve components' Fiscal Year 2018 Reserve Personnel budget justification documents.

⁴ Office of the Under Secretary of Defense for Personnel and Readiness, *Report of the Eleventh Quadrennial Review of Military Compensation* (June 2012).

⁵ Commission on the National Guard and Reserves, *Transforming the National Guard and Reserves into a 21st Century Operational Force* (Jan. 31, 2008).

⁶ In this report we refer to unreimbursed expenses as costs to reservists that are not reimbursable under DOD's *Joint Travel Regulations*, effective July 1, 2017.

Travel Management Office oversees commercial travel management and serves as the focal point for commercial travel within DOD.⁷ This office is also responsible for any updates and revisions to the *Joint Travel Regulations*, DOD's central source of travel policy for all servicemembers.⁸ DOD is currently updating the *Joint Travel Regulations*, which is expected to be published in fall 2017.⁹

The National Defense Authorization Act for Fiscal Year 2017 contains a provision for us to review the cost of travel for members of the reserve components.¹⁰ This report (1) describes the conditions under which reservists may incur unreimbursed out-of-pocket travel expenses in connection with their service, and (2) addresses the extent to which DOD has assessed the potential effect of reservists' unreimbursed out-of-pocket travel expenses on the retention of reservists. Appendix I provides DOD's reported fiscal year 2015 travel costs for the reserve components. In addition, in June 2017, we provided a briefing to congressional committees on these costs.

To address our first objective, we reviewed DOD's *Joint Travel Regulations* and interviewed officials from the Defense Travel Management Office, each service's reserve policy office, and officials from each component responsible for travel issues to understand and characterize scenarios under which reservists would not be reimbursed for travel expenses. To address our second objective, we collected and reviewed selected DOD studies and reports on the subject of reservists' out-of-pocket travel expenses, and compared DOD's efforts to analyze the potential effects of these expenses with federal internal control standards.¹¹ These standards state that management requires quality information to make informed decisions and evaluate the entity's performance in achieving key objectives and addressing risk. These standards further require that management identify, analyze, and respond

⁷ Commercial travel is travel conducted via private or otherwise non-government vehicles or carriers.

⁸ DOD, *The Joint Travel Regulations: Uniformed Service Members and DOD Civilian Employees* (July 1, 2017).

⁹ Although DOD regularly updates the *Joint Travel Regulations*, the expected revision entails a reorganization of its content.

¹⁰ *National Defense Authorization Act for Fiscal Year 2017*, Pub. L. No. 114-328 § 332 (2016).

¹¹ GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

to risks related to achieving the defined objectives. To report on DOD's reported fiscal year 2015 travel costs for the reserve components we obtained and reviewed fiscal year 2015 execution cost data, the most recent complete data available. We interviewed budget officials from each reserve component and from the Office of the Under Secretary of Defense (Comptroller) concerning their efforts to assess the completeness and accuracy of these cost data and determined that they were sufficiently reliable for the purpose of summarizing the cost of reserve component travel for fiscal year 2015.

We conducted this performance audit from January 2017 to October 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The Selected Reserve comprises over 811,000 full- and part-time members from the military services' respective National Guard and reserve components, whom DOD can call to active duty to augment military forces in time of war or national emergency.¹² DOD requires these reservists to maintain readiness by participating regularly in training to maintain the military skills needed to perform their mission.¹³ About 91 percent of the members of the Selected Reserve, or 735,876 reservists, are part-time, performing military service in addition to their civilian employment and careers.¹⁴ Reservists typically train for about 1 weekend a month and 2 weeks a year. Reservists¹⁵ may also be required to participate in longer duration training to develop and maintain specialized skills related to their military occupation, such as cyber specialists, or to

¹² The Selected Reserve actual endstrength for fiscal year 2016 as of May 2017 is based on our analysis of DOD data reported in the six reserve components' Fiscal Year 2018 Reserve Personnel budget justification documents.

¹³ DOD Directive 1200.17, *Managing the Reserve Component as an Operational Force* (Oct. 29, 2008).

¹⁴ The number and percentage of reservists who are part-time are based on our analysis of DOD data reported in the six reserve components' Fiscal Year 2018 Reserve Personnel budget justification documents.

¹⁵ In this report, we refer to part-time members of the Selected Reserve unless otherwise noted.

perform other activities such as backfilling positions in other reserve or active units.¹⁶ The following are descriptions of reservists' required training and other duties:

- **Annual Training:** All six reserve components require an annual training period, typically 2 weeks, to acquire and maintain required military skills.
- **Inactive Duty Training:** This training is commonly referred to as the "1 weekend a month" commitment, and reservists fulfill this commitment in connection with prescribed training or maintenance activities of the units to which they are assigned.
- **Active Duty for Training:** So that reservists acquire and maintain required military skills, individuals serving as reservists participate in training programs such as initial basic training and advanced individual training, and may attend full time specialized schools. The duration of Active Duty for Training varies considerably, from days to several months.
- **Active Duty Other than Training:** All six reserve components may require that reservists perform other support activities, such as backfilling a position in a reserve or active unit.

For a variety of reasons, reservists may not live in the same location where they train. For example, reservists may relocate for their civilian occupation, and officials told us that as reservists are promoted, command opportunities are more geographically dispersed. As a result, travel may be necessary to facilitate their service. DOD's six reserve components reported paying or reimbursing over \$925 million in travel costs for reservists in fiscal year 2015, representing about 4.3 percent of the total obligations identified in the Reserve Personnel accounts.¹⁷ With an actual part-time endstrength of 742,683 reservists in fiscal year 2015, DOD spent an average cost of about \$1,246 per reservist.¹⁸ Officials told

¹⁶ DOD Instruction 1215.06, *Uniform Reserve, Training, and Retirement Categories for the Reserve Components* (Mar. 11, 2014).

¹⁷The \$925 million in travel costs excludes travel costs for members of the Individual Ready Reserve, Active Guard and Reserve, as well as any travel costs included in the reserve components' Operations and Maintenance accounts. The total for Reserve Personnel accounts is based on total direct program cost for DOD's six reserve components' Reserve Personnel accounts for fiscal year 2015, including contributions to the Medicare-Eligible Retiree Health Care Fund and excluding reimbursable costs.

¹⁸The number of reservists who are part-time is based on our analysis of DOD data reported in the six reserve components' Fiscal Year 2017 Reserve Personnel budget justification documents.

us that DOD does not specifically collect and track data on reservists' unreimbursed travel expenses, which are therefore unknown. Officials told us that reservists process their travel claims through DOD-wide or military-service-based electronic data systems, such as the Defense Travel Service or the Air Force's Reserve Travel System, or sometimes using hard-copy forms, depending on the type of duty performed, the reserve component, and other factors. DOD's *Joint Travel Regulations* govern the extent to which reservists are eligible to be reimbursed for travel expenses to participate in required training or in other duties. The regulations authorize the reimbursement of different types of expenses depending on the nature and duration of the assignment.¹⁹ Eligible reimbursements include:

- Per diem, which includes reimbursement for food, temporary lodging, and incidental expenses;
- Transportation expenses, ranging from reimbursement for mileage traveled in reservists' private vehicles to reimbursement for commercial flights;
- Permanent Change of Station reimbursements related to reservists changing their home of record to the location of the assignment, such as reimbursement for the movement of household goods; and
- Basic Allowance for Housing, which is based on the costs of adequate rental properties for civilians with comparable income levels in the same location as the permanent duty station, which in the case of reservists is generally the location of their home; is received when reservists are in an active duty status, which includes Active Duty for Training and Active Duty Other than Training; and is determined based on the duration of reservists' active duty assignments.²⁰

Reservists also receive cash compensation for the various types of training and other duties they perform; non-cash compensation, such as

¹⁹ Authorized reimbursement rates have changed over time. For example, the amount provided for per diem is often adjusted yearly.

²⁰ When in active duty status for 30 days or fewer, reservists receive a Basic Allowance for Housing at the Reserve Component rate, which is a flat national rate adjusted by rank. When on Active Duty for Training lasting 31 to 139 days or on assignment for 181 or more days, reservists receive the Basic Allowance for Housing, which is based on location. After 139 days in the case of Active Duty for Training, or after 181 days in the case of active duty assignments, a reservist's permanent duty station is changed to the location of the training or assignment. A change in permanent duty station triggers an adjustment of a reservist's Basic Allowance for Housing, which may increase or decrease as a result.

access to TRICARE Reserve Select and education benefits; and deferred compensation, such as participation in the military retirement system.²¹ In addition, reservists may be able to take advantage of a federal tax deduction for out-of-pocket travel expenses associated with their service.²²

Reservists May Incur Out-of-Pocket Travel Expenses under Certain Conditions

Reservists may incur expenses under certain conditions in connection with their service that are not reimbursable under DOD's travel regulations. Officials responsible for travel regulations and reserve policy issues told us that this can occur because: (1) the cost to attend Inactive Duty Training is a reservist's responsibility, except in limited circumstances; and (2) DOD designates longer duration training or assignments as a Permanent Change of Station—a change in a reservist's home of record—and not as temporary travel.

Travel Expenses to Attend Inactive Duty Training Are the Responsibility of Reservists Except for in Limited Circumstances

Under most circumstances, travel expenses to and from the 1 weekend a month training commitment are reservists' responsibility with no reimbursement provided, and as a result reservists may incur unreimbursed travel expenses to attend this training. Specifically, the *Joint Travel Regulations* states that a reserve component member performing Inactive Duty Training ordinarily receives no travel or transportation allowances, particularly when the training duty is performed at the reservist's assigned unit location.²³ This principle is reflected in travel policy such as the Navy Reserve's requirement that reservists who live more than 100 miles from their Inactive Duty Training site sign a waiver acknowledging that they will not be reimbursed for travel expenses.²⁴ Navy travel policy, citing a previous version of the *Joint Travel Regulations*, states that as part of the requirement to perform Inactive Duty Training, "inherent to this obligation is the travel between

²¹ TRICARE Reserve Select is a program under which most members of the Selected Reserve who are not on active duty may purchase TRICARE coverage after the coverage associated with active duty expires.

²² For purposes of their individual federal tax return, reservists may deduct certain travel expenses incurred in connection with the performance of their reserve-related duties during which they are more than 100 miles from home.

²³ DOD, *Joint Travel Regulations*, chap. 3, § 032303 (Aug. 1, 2017).

²⁴ Navy Reserve Personnel M-1001.5, *Navy Reserve Personnel Manual* (May 3, 2017).

the member's home and the location at which the member normally performs drills" with no reimbursement provided.²⁵

To mitigate expenses incurred by reservists traveling long distances, the National Defense Authorization Act for Fiscal Year 2008 established a reimbursement program for Inactive Duty Training whereby each component may, at the discretion of the service Secretary and under certain circumstances, provide reimbursement of up to \$300 in expenses for each roundtrip to the training location.²⁶ The *Joint Travel Regulations* further specifies that reservists must travel no fewer than 150 miles or greater one way from their primary residence to their normal drilling site to be eligible.²⁷ DOD spent nearly \$33.5 million on Inactive Duty Training travel costs in fiscal year 2015.²⁸ While each service Secretary decides whether an individual component can participate in the program, the *Joint Travel Regulations* requires such programs to make servicemembers eligible for reimbursement when they meet one of the following criteria: They are

- qualified in a skill designated as critically short by the Secretary concerned;
- assigned to a unit of the Selected Reserve with a critical staffing shortage, or in a pay grade in the reservists' component with a critical staffing shortage; or
- assigned to a unit or position that is disestablished or relocated as a result of Base Realignment and Closure or other force structure reallocation.

See table 1 for scenarios illustrating reimbursement eligibility for Inactive Duty Training expenses in the Army Reserve.

²⁵ Navy Commander Navy Reserve Force Instruction 4650.1, *Order Processing and Transportation Arrangements for Navy Reserve Sailors* (Feb. 19, 2016).

²⁶ *National Defense Authorization Act for Fiscal Year 2008*, Pub. L. No. 110-181, § 631 (2008). The *National Defense Authorization Act for Fiscal Year 2017*, Pub. L. No. 114-328 (2016) authorizes the Secretary concerned to provide a higher reimbursement amount on a case-by-case basis and if certain conditions are met.

²⁷ DOD, *Joint Travel Regulations*, chap. 3, § 032304 (Aug. 1, 2017).

²⁸ DOD's expenditure of nearly \$33.5 million for Inactive Duty Training travel costs in fiscal year 2015 includes costs for the special reimbursement program discussed here and other costs, such as the cost of travel from a training site to an alternate Inactive Duty Training location.

Table 1: Examples of Travel Reimbursement Eligibility for Inactive Duty Training Expenses in the Army Reserve

Scenario	One-way distance traveled from home to unit	Reservist meets individual eligibility criteria? ^a	Reimbursement authorized?	Rationale
Reservist's home is in St. Louis, MO, and the assigned unit is in Nashville, TN	320 miles	No	No	Reservist lives more than 150 miles away from unit, but is not qualified in a designated position, unit, or occupational specialty.
		Yes	Yes	Reservist lives more than 150 miles away from unit and is qualified in a designated position, unit, or occupational specialty.
Reservist's home is in Elizabethtown, KY, and the assigned unit is in Nashville, TN	138 miles	No	No	Reservist lives fewer than 150 miles away from unit and is not qualified in a designated position, unit, or occupational specialty.
		Yes	No	Reservist is qualified in a designated position, unit, or occupational specialty, but lives fewer than 150 miles away from unit.

Source: GAO analysis of DOD information. | GAO-18-181

^a While each service Secretary decides whether an individual component can participate in the program, the Joint Travel Regulations requires such programs to make servicemembers eligible for reimbursement when, in addition to the requirement to travel 150 miles or greater one way to drilling sites, they meet one of the following criteria: They are qualified in a skill designated as critically short by the Secretary concerned; assigned to a unit of the Selected Reserve with a critical staffing shortage, or in a pay grade within that reserve component with a critical staffing shortage; or assigned to a unit or position that is disestablished or relocated as a result of a Base Realignment and Closure or other force structure reallocation.

Three of the six reserve components have established policies to allow for reimbursement of expenses of travel related to Inactive Duty Training, according to component-specific criteria. The Marine Corps Reserve and the Air Force Reserve authorize Inactive Duty Training reimbursement for several occupations, and in the case of the Marine Corps Reserve, entire rank levels. The Army Reserve authorizes reimbursement, but according to its policy targets reimbursements to soldiers and units with the highest payoff in achieving readiness.²⁹ Specifically, Army Reserve commanders

²⁹ Army Reserve Memorandum, *Army Reserve (AR) Inactive Duty Training Travel Reimbursement Program Policy* (IDT-TRP) (Feb. 16, 2017).

establish Inactive Duty Training reimbursement policy that designates and prioritizes positions, units, and occupational specialties eligible to participate. Both Air National Guard and Army National Guard officials told us that their respective components do not authorize Inactive Duty Training reimbursement. Similarly, Navy officials told us that the Navy does not participate in the reimbursement program, primarily because under its training construct Navy reservists conduct most Inactive Duty Training at a Navy Operational Support Center close to their homes, thereby limiting the training that may occur at a further distance from their homes to a minority of sessions.

Travel distances for reservists to their drilling site may have increased over time. For example, the 2012 *Report of the Eleventh Quadrennial Review of Military Compensation* noted that reservists traditionally lived near a reserve site or drilling location, but reported that at the time of its review more than 100,000 reservists lived more than 100 miles from their drilling locations.³⁰ Further, according to a 2008 report by the Commission on the National Guard and Reserves, after Base Realignment and Closure actions some reservists may have fewer locations available to them to perform such training.³¹ As a result, reservists may be travelling greater distances to attend such training. Officials also told us that the travel distances required to attend Inactive Duty Training can be further increased as reservists progress in their careers in certain occupational specialties or ranks. For example, officials from the Marine Corps Reserve told us that as reservists are promoted to higher ranks, there are fewer positions, which can result in long-distance travel by reservists, while Army Reserve officials told us that some reservists may turn down command positions to avoid long-distance travel.

³⁰ DOD, Office of the Under Secretary of Defense for Personnel and Readiness, *Report of the Eleventh Quadrennial Review of Military Compensation* (June 2012).

³¹ Commission on the National Guard and Reserves, *Transforming the National Guard and Reserves into a 21st Century Operational Force* (Jan. 31, 2008). Since 1988, DOD has undertaken five rounds of base closures and realignments to reduce excess infrastructure and to meet changing force structure needs.

DOD's Joint Travel Regulations Treats Long-Duration Training and Other Assignments of Long-Duration as a Permanent Change of Station

DOD's *Joint Travel Regulations* treats Active Duty for Training and other assignments of long-duration as a Permanent Change of Station, or a change in a reservist's home of record, generally his or her civilian home, and not as Temporary Duty.³² The treatment of long-duration training or other assignments as a Permanent Change of Station applies equally to reservists and active component members, as DOD travel regulations require all military personnel at a given training or assignment to be in the same status. However, officials told us that due to the interim nature of such assignments reservists are unlikely to move their families, and reservists may incur unreimbursed expenses due to the cost of maintaining two homes.³³ For example, according to a reserve policy official, based on an internal analysis, about two-thirds of Air Reserve members on long-duration training do not move from their civilian homes. Further, the 2012 *Report of the Eleventh Quadrennial Review of Military Compensation* concluded that reservists would likely return to their civilian homes and employers at the conclusion of their assignments. In addition, officials stated that long-duration training is becoming more common. For example, Army language or medical training can routinely last longer than 140 days and require a Permanent Change of Station.

The treatment of long-duration training and other assignments as a Permanent Change of Station and not as Temporary Duty affects the type of expenses that will be reimbursed and the Basic Allowance for Housing rate received by reservists. A Permanent Change of Station is triggered when Active Duty for Training assignments last 140 days or longer and Active Duty for Other than Training assignments last 181 days or longer. The changes in eligibility for reimbursement discussed below can affect the amounts of reservists' unreimbursed expenses:

- **Per diem:** Reservists on training or other assignments that are treated as a Permanent Change of Station are not eligible for reimbursement of per diem expenses, including for temporary lodging

³² A reservist's home of record is the place recorded as the reservist's home when the reservist is ordered into a tour of active duty.

³³ Reservists' Basic Allowance for Housing is based on the location of the reservists' permanent duty station. When reservists are on long-duration Active Duty for Training or another assignment, the required Permanent Change of Station triggers an adjustment to their Basic Allowance for Housing. The adjusted amount may or may not cover both the costs of housing at the new, though interim, duty station and the reservists' home of record, which most reservists will return to after training or temporary assignment, particularly when their Basic Allowance for Housing is adjusted downward based on the new permanent duty station.

and meals. Reservists are unlikely to relocate their civilian homes for such long-duration, though interim, training and assignments. They may therefore incur expenses typically associated with a Temporary Duty assignment, such as temporary lodging expenses, but for which they cannot be reimbursed.

- **Basic Allowance for Housing:** Reservists on training or other assignments that are treated as a Permanent Change of Station receive an adjusted Basic Allowance for Housing based on the location of their new duty station. This adjusted housing allowance applies regardless of whether a reservist actually moves his or her civilian home and family to the new duty station. Depending on the new duty location, a reservist may receive Basic Allowance for Housing at a higher or lower rate than the allowance amount based on the location of their civilian home. If a reservist were in Temporary Duty status—training for 139 days or fewer, or an assignment for 180 days or fewer—he or she would continue to receive Basic Allowance for Housing based on the cost of maintaining his or her civilian home.





If reservists decide not to relocate themselves and their families to the location of the long-duration training or assignment, reservists may face unreimbursed costs for maintaining two homes.³⁴ Once a Permanent Change of Station has been triggered, a reservist is no longer in a Temporary Duty status and may no longer receive per diem for temporary lodging. Reservists must either (1) move to government lodging and forego any Basic Allowance for Housing, or (2) receive Basic Allowance for Housing based on the location of the assignment, which may be higher or lower than the allowance based on the location of their home of record, generally their civilian home. In the first situation, reservists must maintain their civilian home without payment of a Basic Allowance for Housing, and thus may face unreimbursed costs associated with the home's maintenance. In the second situation, reservists must maintain both their civilian home and a new home with a Basic Allowance for Housing adjusted for the location of the home at the new duty station. Unreimbursed costs may result if the Basic Allowance for Housing adjusted for the location of the new duty station is significantly lower than the housing costs in the area of the reservist's civilian home. As shown in

³⁴ Officials told us that reservists are frequently ineligible for payment of an additional benefit known as dislocation allowance, which is intended to offset the costs of setting up a new household and is routinely paid to active duty members. The *Joint Travel Regulations* does not allow payment of dislocation allowance for an initial Permanent Change of Station move. In addition, each assignment for a reserve member is treated as an initial Permanent Change of Station move, therefore making reserve members ineligible for the dislocation allowance.

the 2017 illustrative example in figure 1, reservists receive different levels of payment for the temporary lodging allowance and the Basic Allowance for Housing based on the duration of their Active Duty for Training assignments.

Figure 1: Example of the Basic Allowance for Housing and the Temporary Lodging Reimbursements for Reservist Performing Active Duty for Training in 2017

Scenario: An Army Reserve Staff Sergeant with dependents has a home in Springfield, VA. He is assigned to Ft. Huachuca, AZ, for Active Duty for Training.

Total length of Active Duty for Training assignment and status as Temporary Duty or Permanent Change of Station	Temporary lodging reimbursement ^a	Basic allowance for housing payment ^a	Reservist receives
Temporary Duty travel 31 to 139 days^b Basic Allowance for Housing or Temporary Duty Lodging reimbursement based on home in Springfield, VA	 Lodging reimbursement for Ft. Huachuca, AZ: \$2,047 per month, ^c or \$0 reimbursed if provided base lodging	 Basic Allowance for Housing for Springfield, VA: \$2,586	Temporary Lodging reimbursement for Ft. Huachuca, AZ, and Basic Allowance for Housing payment for Springfield, VA
Permanent Change of Station 140 days or greater Basic Allowance for Housing and Temporary duty lodging based on Duty in Ft. Huachuca, AZ	 Temporary Lodging reimbursement for Ft. Huachuca, AZ: Reservist is ineligible for Temporary Lodging per diem payment	 Basic Allowance for Housing for Ft. Huachuca, AZ: \$1,026 per month, or \$0 reimbursed if provided base housing	Basic Allowance for Housing payment for Ft. Huachuca, AZ, and No Temporary Lodging for Ft Huachuca, AZ or Basic Allowance for Housing in Springfield, VA

Source: GAO analysis of Department of Defense information. | GAO-18-181

^a Based on Temporary Duty component of per diem and Basic Allowance for Housing rates for calendar year 2017.

^b The same reservist mentioned above on Active Duty for Training for 30 days or fewer receives a Basic Allowance for Housing-Reserve Component, which is a flat rate. In 2017, the rate was \$1,046.40 per month for a reservist with dependents of the rank in the example above.

^c \$2,047 per month calculated based on \$68.25 Temporary Lodging component of per diem per full day for a 30-day month.

A service Secretary may grant a waiver for individuals attending a training course to maintain Temporary Duty status beyond the 140-day time limit, which normally would require a Permanent Change of Station. However, such waivers apply to all course attendees, whether they are members of the active or reserve components. DOD maintains data on the number of these waivers, but not for the discrete number of waivers for reserve component training. Individual reservists can also apply for a waiver for

the rate of their Basic Allowance for Housing payment to be based on the location of their dependents, effectively allowing payment at the geographic rate of a reservist's civilian home. However, this option is not available to reservists without dependents.

DOD Has Not Fully Assessed the Potential Effect of Unreimbursed Out-of-Pocket Travel Expenses on the Retention of Reservists

Within the last decade, DOD and the services have conducted a few limited assessments of the potential effect of unreimbursed out-of-pocket travel expenses incurred by reservists to perform required training and other reserve activities on retention of reservists. Although various entities have raised concerns regarding reservists' out-of-pocket travel expenses, the available information is either anecdotal or applicable to only one reserve component or one aspect of travel policy. DOD reports have noted that such unreimbursed travel expenses, among other factors, may be a challenge for reservists and may therefore affect retention. For example, in 2008, the Commission on the National Guard and Reserves reported that travel requirements and associated costs had a negative effect on DOD's ability to recruit and retain qualified personnel, particularly for leadership positions.³⁵ In addition, in minutes of its meetings, the Air Reserve Forces Policy Committee has called for changes to the Permanent Change of Station requirement for long-duration training, noting in 2015 that it, "frequently creates financial hardship for RC [Reserve Component] Airmen who typically maintain a residence near their assigned unit or civilian employer."³⁶

Three DOD studies have explored potential links between reservists' unreimbursed travel expenses and retention:

- A 2012 survey commissioned by the Army Reserve of a small sample of reservist officers potentially eligible for battalion command positions reported that unreimbursed travel costs were among several factors that could influence their decision to apply for these positions.³⁷

³⁵ Commission on the National Guard and Reserves, *Transforming the National Guard and Reserves into a 21st Century Operational Force* (Jan. 31, 2008)

³⁶ Air Reserve Forces Policy Committee (ARFPC), *Minutes for ARFPC [Air Reserve Forces Policy Committee] Fall Meeting, 22-24 September 2015* (Oct. 9, 2015).

³⁷ U.S. Army Training and Doctrine Command Analysis Center, *Final Results: Army Reserve Troop Program Unit Battalion Command Study* (Apr. 5, 2012). This briefing of these survey results did not provide sufficient information about the survey administration and analysis of the responses to rule out material errors in the reported results.

-
- A 2014 study commissioned by the Marine Corps found that, based on a statistical model of a sample of Marines eligible to participate in its Inactive Duty Training travel reimbursement program between May 2012 and September 2013, the program had increased the Marine Corps' ability to fill critical positions. The study also included an assessment of the cost of increasing the level of reimbursement for Inactive Duty Training and its possible effect on staffing.³⁸
 - A 2016 survey commissioned by the Army Reserve, drawn from a non-generalizable sample of a few thousand reservists, reported that a significant majority of respondents in 2015 viewed the Inactive Duty Training travel reimbursement program as an incentive for soldier retention.³⁹

In addition, during our review, officials from most of the reserve components told us that despite the establishment of the reimbursement program for travel costs associated with Inactive Duty Training, such expenses continue to be a challenge for some reservists. In particular, officials noted that this especially affects personnel who do not qualify for reimbursement. One official noted that, in extreme cases, reservists may find that the cost to attend Inactive Duty Training may exceed drill pay, effectively requiring them to pay out-of-pocket to perform military service.

While these reports and studies have alerted DOD to a potential problem, DOD has not yet assessed the effect of unreimbursed travel expenses on retention of reservists in a comprehensive manner and the related overall cost to the federal government. For example, DOD has not yet systematically collected data and assessed the potential effect of current travel reimbursement policy on retention across all services, as measured by outcomes such as fill rates for critical positions and other metrics, or collected more basic information such as the number of reservists who do not move their home during long-duration training, the distances traveled for Inactive Duty Training, and the amount of unreimbursed expenses incurred by reservists. The 2014 Marine Corps' study on Inactive Duty Training reimbursement did explore fill rates for its potential effect on critical positions. However, its findings are not necessarily applicable to the other reserve components. In addition, DOD has not conducted an

³⁸ CNA, *An Evaluation of the Marine Corps IDT Travel Reimbursement Program* (June 2014).

³⁹ U.S. Army Training and Doctrine Command Analysis Center, *Emerging Results of the AR Lodging in Kind Soldier and Command Surveys* (Oct. 24, 2016). This briefing of these survey results did not provide sufficient information about the survey administration and analysis of the responses to rule out material errors in the reported results.

assessment on the issue of Permanent Change of Station rules for long-duration training or other assignments. While travel policy officials noted that there is no requirement for such an assessment, some agreed that more robust information would allow for a better understanding of the situation as well as any potential changes that are necessary in DOD's travel policy. One travel official stated that until a direct connection between unreimbursed travel expenses and retention or related areas is observed within their component, change is unnecessary.

As of July 2017, DOD and the reserve components were considering changes to reserve travel policy to mitigate the effect of out-of-pocket expenses on reservists. Specifically, these changes include (1) requesting that Congress increase reimbursement for Inactive Duty Training travel expenses from \$300 to \$500 and (2) increasing the length of time of Temporary Duty travel for training courses or other assignments before such travel is considered a Permanent Change of Station. The Marine Corps Reserve has developed a draft proposal for congressional consideration for an increase in Inactive Duty Training reimbursement, which an official stated was necessary to address the challenge of filling critical occupations. The Military Advisory Panel, which advises on defense travel issues, has considered an increase in the length of time of Temporary Duty travel for training courses or other assignments before a Permanent Change of Station would be required, but no specific proposals have been developed.

Federal internal control standards state that management requires quality information to make informed decisions and evaluate an entity's performance in achieving key objectives and addressing risk.⁴⁰ They further require that management identify, analyze, and respond to risks related to achieving the defined objectives. However, without collecting more comprehensive information on the potential effect of the current travel policy on the retention of reservists, DOD would be considering alternative proposals with only the limited data and analysis available to date. Further, the lack of comprehensive data and analysis on the influence of current travel policies will limit DOD's ability to reach an analytically based decision which weighs the costs and benefits of any potential changes. In deciding to continue or change current travel policies relating to travel reimbursement without the benefit of quality

⁴⁰[GAO-14-704G](#).

information, DOD risks not managing the potential influence of these policies on reservists' retention or agency expenditures.

Conclusions

Reservists often maintain civilian careers and homes that in some cases can require them to travel long distances to perform their part-time military service. In some instances, such as when performing Inactive Duty Training and long-duration Active Duty for Training or other active duty assignments, such service can result in expenses that cannot be reimbursed to the reservist under DOD's travel policy. Despite long-standing concerns that out-of-pocket travel expenses reservists incur to perform their service may be increasing, DOD does not have sufficient data and analysis on how reservists' incurring these expenses could negatively affect DOD's ability to achieve its mission, the overall costs and benefits of DOD's travel policy, and how various proposed changes to the travel policy could potentially mitigate any of its possible negative effects. As a result, DOD is not well positioned to move forward with possible changes to travel policy absent further analysis.

Recommendation for Executive Action

We recommend that the Under Secretary of Defense for Personnel and Readiness collect quality information and conduct an analysis of the potential effects of unreimbursed travel expenses incurred by reservists to perform military service on DOD's ability to retain reservists in the force, and respond to these risks by considering the costs and benefits of any possible actions to address the identified issues.

Agency Comments and Our Evaluation

We provided a draft of this report to DOD for review and comment. In its written comments, reproduced in appendix II, DOD concurred with our recommendation.

We are sending copies of this report to appropriate congressional committees, the Secretary of Defense, the Under Secretary of Defense for Personnel and Readiness, the Secretaries of the military departments, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (213) 830-1011 or vonaha@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

A handwritten signature in black ink, appearing to read "Andrew Von Ah". The signature is fluid and cursive, with a long horizontal stroke at the end.

Andrew Von Ah
Director
Defense Capabilities and Management

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Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Appendix I: Reserve Components' Reported Travel Costs for Fiscal Year 2015

To determine DOD's travel costs for the reserve components, we obtained and reviewed fiscal year 2015 execution cost data, the most recent complete data available, that each reserve component reported on travel costs for training and other activities. These costs are reported in a travel cost exhibit included in each component's annual Reserve Personnel budget justification document. We did not include any travel costs not included in the reserve components' Reserve Personnel accounts, such as any travel costs in the components' respective Operations and Maintenance accounts. We did not include travel costs for the Active Guard and Reserve because individuals serving these components are responsible for the full-time administration of the reserve components and differ significantly from part-time drilling reservists in their responsibilities and associated travel. We also did not include costs for the Individual Ready Reserve because these reservists have different training patterns than other reservists. In table 2, we summarize the costs reported by DOD's six reserve components for Annual Training, Inactive Duty Training, and all other travel costs for fiscal year 2015 by component.

**Appendix I: Reserve Components' Reported
Travel Costs for Fiscal Year 2015**

Table 2: Reserve Components' Reported Travel Costs for Annual Training, Inactive Duty Training and All Other Travel Costs for Fiscal Year 2015

In thousands of dollars

Type of travel	Army Reserve	Army National Guard	Air Force Reserve	Air National Guard	Navy Reserve	Marine Corps Reserve	Total
Annual Training	95,262	45,629	78,256	54,401	93,302	12,969 ^d	379,819
Inactive Duty Training	10,702 ^b	n/a ^c	5,276	n/a ^c	15,955	1,545	33,478
All other travel ^a	98,670	142,124	102,886	107,154	46,862	14,492	512,188
Total	204,634	187,753	186,418	161,555	156,119	29,006	925,485

Source: GAO analysis of DOD 2016 budget justification data. | GAO-18-181

Note: These costs do not include travel for Active Guard and Reserve members, the full-time military personnel who administer the reserve components, reimbursable travel costs, or members of the Individual Ready Reserve. In November 2014, DOD reduced the rate of per diem for Temporary Duty of 31 days or more to 75 percent of the locality rate and to 55 percent for Temporary Duty of 181 days or more.

^aAll other travel costs include all travel not related to Annual Training or Inactive Duty Training and varies by reserve component. Such costs can include: school training, special training, programs such as the Armed Forces Health Professions Scholarship Program, and non-prior service Reserve Initial Active Duty for Training.

^bThe Army Reserve did not report discrete Inactive Duty Training travel costs in its Fiscal Year 2017 Reserve Personnel budget justification document, but Army Reserve officials provided these costs to us separately. According to officials, these costs do not include the Inactive Duty Training cost for Individual Mobilization Augmentees.

^cAccording to officials, the Army National Guard and Air National Guard do not generally provide reimbursement for Inactive Duty Training travel costs. However, the Secretary concerned may authorize and approve reimbursement to eligible members.

^dA Marine Corps official told us that the Annual Training figure includes a small amount of costs for Inactive Duty Training. Marine Corps Reserve costs do not include the costs for group travel.

Appendix II: Comments from the Department of Defense

Note: Subsequent to the department providing comments on the draft report, the report number was changed from GAO-17-759 to GAO-18-181.



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
1500 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-1500

SEP 29 2017

Mr. Andrew J. Von Ah
Acting Director, Defense Capabilities Management
U.S. Government Accountability Office
441 G Street, NW
Washington DC 20548

Dear Mr. Von Ah:

This is the Department of Defense (DoD) response to the GAO Draft Report GAO-17-759, "RESERVE COMPONENT TRAVEL: DoD Should Assess the Effect of Reservists' Unreimbursed Out-of-Pocket Costs on Retention," dated August 29, 2017 (GAO Code 101412).

As stated in the enclosed response, the Department concurs with the recommendation to conduct a study to analyze the effect on retention of unreimbursed travel costs for Reserve Component members performing inactive duty for training and hopes to accomplish this during fiscal year 2019, pending the passage of an annual budget.

I appreciate the opportunity to comment on this report. My point of contact is Joel Ridenour who can be reached at joel.t.ridenour.civ@mail.mil or (571) 372-1323.

Sincerely,

A handwritten signature in black ink, appearing to read "Lenege J. Hebert".

Lenege J. Hebert
Acting Deputy Assistant Secretary
(Military Personnel Policy)

Enclosure:
As stated

GAO DRAFT REPORT DATED AUG 29, 2017
GAO-17-759(PROJECT CODE 101412)

“RESERVE COMPONENT TRAVEL: DOD Should Assess the Effect of Reservists’
Unreimbursed Out-of- Pocket Costs on Retention”

DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATION

RECOMMENDATION 1: We recommend that the Under Secretary of Defense, Personnel and Readiness collect quality information and conduct an analysis of the potential effects of unreimbursed travel expenses incurred by reservists to perform military service on DOD’s ability to retain reservists in the force, and respond to these risks by considering the costs and benefits of any possible actions to address the identified issues.

DoD RESPONSE: Concur. The Under Secretary of Defense, Personnel and Readiness will initiate a study to analyze the effect on retention of unreimbursed travel costs for Reserve Component members performing inactive duty for training.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Andrew Von Ah, (213) 830-1011 or vonaha@gao.gov

Staff Acknowledgments

In addition to the contact named above, Margaret Best (Assistant Director), Patricia Donahue, Mae Jones, Linda Keefer, Felicia Lopez, Carol Petersen, and Adam Smith made major contributions to this report.

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