



Highlights of [GAO-05-348](#), a report to the Honorable Richard J. Durbin, U.S. Senate

Why GAO Did This Study

Congress and the Department of Defense (DOD) are concerned about the financial conditions of servicemembers and their families, particularly in light of recent deployments to Iraq and Afghanistan. Serious financial issues can negatively affect unit readiness. According to DOD, servicemembers with severe financial problems risk losing security clearances, incurring administrative or criminal penalties or, in some cases, face discharge. Despite increases in compensation and DOD programs on personal financial management (PFM), studies show that servicemembers, particularly junior enlisted personnel, continue to report financial difficulties.

GAO assessed (1) the extent deployment impacts the financial condition of active duty servicemembers and their families, (2) whether DOD has an oversight framework for evaluating military programs designed to assist deployed and non-deployed servicemembers in managing their finances, and (3) the extent junior enlisted servicemembers receive required PFM training.

What GAO Recommends

GAO is making four recommendations to enhance servicemembers' financial conditions and the effectiveness of PFM programs and training. DOD did not provide comments by the time the final report went to print.

www.gao.gov/cgi-bin/getrpt?GAO-05-348.

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

MILITARY PERSONNEL

More DOD Actions Needed to Address Servicemembers' Personal Financial Management Issues

What GAO Found

The financial conditions of deployed and non-deployed servicemembers and their families are similar, but deployed servicemembers and their families may face additional financial problems related to pay. In both a 2003 DOD-wide survey and non-generalizable focus groups that GAO conducted on 13 military installations in the United States and Germany, servicemembers who were deployed reported similar financial conditions as those who were not deployed. Some of GAO's focus group participants also noted that they—like Army Reservists in GAO's 2004 report, *Military Pay: Army Reserve Soldiers Mobilized to Active Duty Experienced Significant Pay Problems*—had not received their \$250 family separation allowance each month during their deployment. Pay record data showed that almost 6,000 deployed servicemembers had received more than the prescribed \$250 in January 2005, and 11 of them received a \$3,000 catch-up, lump sum payment—the equivalent of 12 months of the allowance. This pay problem was due, in part, to service procedures being confusing and not always followed. Families who do not receive this allowance each month may experience financial strain caused by additional expenses such as extra childcare.

DOD lacks an oversight framework—with results-oriented performance measures and reporting requirements—for evaluating the effectiveness of PFM programs across the services. DOD's 2002 human capital strategic plan stated that a standardized evaluation system for PFM programs is a desired goal; however, DOD does not currently have such a system. In 2003, GAO reported that DOD had included evaluative reporting measures in a draft of its PFM instruction to the services. However, the final PFM instruction issued by DOD in 2004 did not address outcome measures or contain a requirement that the services report program results to DOD because the services objected to these additional reporting requirements. Without a policy requiring evaluation and a reporting relationship between DOD and the services, DOD and Congress do not have the visibility or oversight needed to address issues related to the PFM programs.

Some junior enlisted servicemembers are not receiving PFM training that is required in service regulations. While each of the services implements PFM training differently, all of the services have policies requiring that PFM training be provided to junior enlisted servicemembers. Moreover, the extent to which the PFM training is not received is unknown because most of the services do not track the completion of PFM training at the service level. Only the Army collected installation-level data and could provide a service-wide estimate of PFM training completed by junior enlisted servicemembers. Senior Army officers said PFM training had not been a priority given the need to prepare for current operations. Top-level DOD officials have repeatedly stated that financial issues directly affect servicemembers' mission readiness and should be addressed. Therefore, units whose servicemembers do not receive required PFM training risk jeopardizing their ability to meet mission requirements.