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B-180570

The Honorable George H. Mahon
Chairman, Committee on Appropriations
House of Representatives

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Dear Mr. Chairman:

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As requested in your letter of January 31, 1974, we reviewed payments for travel made in connection with the reenlistment of military personnel to determine (1) whether the payments were mandatory or permissive, (2) the annual cost of the payments, and (3) the amount of travel actually performed. The payments are called reenlistment travel payments in the Air Force, cash payments on reenlistment in the Navy and Marine Corps, and travel paid without performance in the Army. In this report we refer to them as reenlistment travel payments.

BACKGROUND

For many years the Congress has authorized travel allowances or transportation to military personnel separated from the military services. This longstanding policy demonstrates the intent of the Congress to defray the expense encountered by a serviceman in returning to his home or to the place where he entered the service from civilian life. Currently the services pay a mileage allowance for the official distance between a serviceman's duty station at the time of separation and his home of record or place of entry on active duty, which includes the place of last enlistment, as he may elect. The services pay the allowance to officers and enlisted personnel actually separated and to enlisted personnel who reenlist at the expiration of their enlistments. Officers who continue on active duty after completing a period of obligated service and enlisted personnel who reenlist more than 3 months before the expiration of their enlistments do not receive a travel allowance.

AUTHORITY FOR REENLISTMENT TRAVEL PAYMENTS

Section 303(a) of the Career Compensation Act of 1949, as amended (37 U.S.C. 404), established the current authority for reenlistment travel payments. The act provides that, under regulations prescribed by the Secretaries of the military departments, travel allowances may be paid on a serviceman's separation or release from active duty from his last duty station to his home or the place from which he was called or ordered to active duty, whether he performs the travel or not.

A provision relating to payment without regard to performance of travel (37 U.S.C. 404(f)), was included at the request of the Department of Defense (DOD). The purpose of the proposed provision was to simplify the administrative procedures involved in paying travel allowances to personnel who separate from the service. Rather than requiring

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personnel to perform travel and then submit claims for reimbursement, personnel are paid mileage allowances at the time of separation. However, while the provision proposed by DOD mandated such payments, the provision as enacted by the Congress merely permitted such payments.

In 1950 DOD issued the Joint Travel Regulations to implement the law. These regulations set forth the conditions under which travel and transportation allowances may be paid. Paragraphs M4157 and M4159-6 provide, with certain exceptions, that enlisted personnel who reenlist or extend their enlistments by 2 or more years are entitled to a mileage allowance of 6 cents a mile for the official distance from the place of discharge or extension of enlistment to their home of record or place entered on active duty, as they may elect. Enlisted personnel receive reenlistment travel payments at the time of separation even though there is no break in service and no travel is required or performed.

Although the reason for paying a travel allowance in these situations is not entirely clear, the payments are made under the broad authority granted the Secretaries of the military departments by the Career Compensation Act of 1949, as amended. It is our view that reenlistment travel payments are legal but permissive in nature and not mandated by law and could be terminated by a change in the Joint Travel Regulations.

COST OF REENLISTMENT TRAVEL PAYMENTS

During the past 5 fiscal years, reenlistment travel payments totaling \$67.5 million were paid to 694,000 enlisted personnel. Effective July 1, 1974, DOD plans to increase the mileage allowance rate applicable to permanent change of station travel from 6 to 8 cents a mile. Since this rate is used in computing reenlistment travel payments, the cost of these payments will be increased by one-third.

DOD budget estimates for fiscal year 1975 show that reenlistment travel payments will be made to about 172,000 enlisted personnel, and will cost about \$22 million.

Reenlistment Travel Payments

<u>Fiscal Year</u>	<u>Army</u>	<u>Air Force</u>	<u>Navy</u>	<u>Marine Corps</u>	<u>Total</u>
	(000 omitted)				
1970	\$ 3,019	\$ 5,224	\$ 2,164	\$ 509	\$10,916
1971	4,087	4,354	3,301	1,017	12,759
1972	2,602	5,094	4,052	1,238	12,986
1973	3,980	6,006	4,563	843	15,392
1974 (estimated)	<u>4,182</u>	<u>5,479</u>	<u>4,980</u>	<u>837</u>	<u>15,478</u>
Total	<u>\$17,870</u>	<u>\$26,157</u>	<u>\$19,060</u>	<u>\$4,444</u>	<u>\$67,531</u>
1975 (estimated)	<u>\$ 5,808</u>	<u>\$ 8,537</u>	<u>\$ 6,926</u>	<u>\$ 912</u>	<u>\$22,183</u>

AMOUNT OF TRAVEL ACTUALLY PERFORMED

DOD officials said that records have not been maintained showing the amount of travel actually performed in connection with reenlistments. Since any travel performed would be chargeable as leave, we examined the records of 500 military personnel to determine if leave was taken concurrently with reenlistment. Our sample was selected randomly from personnel in the Army, Navy, Air Force, and Marine Corps who were paid a reenlistment travel payment during October to December 1973. In each instance the serviceman was discharged one day and reenlisted the next.

Of the personnel in the sample, 96 percent did not take leave concurrently with their reenlistments and presumably did not perform the travel for which reenlistment travel payments were made. The remaining 4 percent took leave concurrently with their reenlistments and, therefore, could have performed the travel.

OTHER OBSERVATIONS

The reenlistment travel payments in our sample ranged from \$.72 to \$284.46. As shown below, 27 percent of the payments were less than \$50. Only 21 percent of the payments were \$150 or more, which accounted for 40 percent of the total amount paid.

Stratification of Payments by Amounts

<u>Range</u>	<u>Number of payments</u>	<u>Percent of payments</u>	<u>Percent of total disbursed</u>
\$.72 to \$ 24.99	56	11.2	1.7
25.00 to 49.99	81	16.2	6.3
50.00 to 99.99	134	26.8	20.8
100.00 to 149.99	123	24.6	31.0
150.00 to 199.99	94	18.8	34.0
200.00 to 284.46	<u>12</u>	<u>2.4</u>	<u>6.2</u>
	500	100.0	100.0

The average payment was \$95 but it varied by pay grade. There was a relationship between pay grade and the average amount paid--the higher the grade, the higher the average payment.

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Stratification by Pay Grade

<u>Pay grade</u>	<u>Number of payments</u>	<u>Average payment</u>
E-3	5	\$ 29
E-4	40	77
E-5	115	87
E-6	150	100
E-7	129	100
E-8	43	102
E-9	<u>18</u>	<u>115</u>
Total	<u>500</u>	\$ 95

The higher payments to pay grades E-6 through E-9 generally resulted because these personnel in these grades previously had reenlisted and their places of last enlistment were different than their homes of record. Since these personnel had the option of choosing the location--home of record or place of last enlistment--to which their reenlistment travel payments are computed, they generally chose the location for which they would receive the largest payment.

PROPOSAL TO DISCONTINUE
REENLISTMENT TRAVEL PAYMENTS

The Assistant Secretary of Defense, by memorandum dated April 29, 1963, directed the services to make additional studies of the military compensation system to determine changes needed because of changing economic conditions and military requirements. In response to this directive, a proposal prepared in March 1964 at the Air Force Accounting and Finance Center contained the following relating to reenlistment travel payments.

"Payment of mileage to members who immediately reenlist could be regarded as a sort of added reenlistment bonus, but it is more in the nature of a tax-free gratuity. Its value as a reenlistment incentive is doubtful. The amount is unrelated to length of service, period of enlistment, rank, or rate of pay or to any actual travel requirement. Rather, the amount is largely determined by chance (and in some cases, by manipulation) depending on how far a member is separated from his home or place of enlistment.

"The mileage payment to members who reenlist gives an advantage to enlisted members as compared to officers. Because it is payable at each separation it tends to encourage short-term enlistments (when these are permitted) rather than the more desired long-term or career enlistments."

The Air Force proposal concluded that:

"Payment of mileage upon separation or release from active duty, without regard to actual performance of travel, should be discontinued. No travel payments should be made for members who immediately reenlist since no travel is required."

DOD officials said that the Air Force proposal was considered by DOD but no action was taken to change the reenlistment travel payment policy.

DOD'S POSITION

In a letter dated March 29, 1974, responding to our request for DOD rationale for reenlistment travel payments, the Acting Deputy Assistant Secretary of Defense stated:

"The payment of mileage, regardless of whether travel is performed, to the member who separates from the Service and immediately re-enlists is regarded as a matter of equity by the Department of Defense since the member would otherwise be entitled to the payment if he did not choose to re-enlist. A policy contrary to this would discriminate against the member who is Service-career oriented. In addition, immediate re-enlistment is viewed as being of great convenience and cost effectiveness to the government since if the member chose to separate from the Service travel to his home of record, and subsequently re-enlist after a short period of time, the government would be obligated to pay for the transportation of the member, his dependents, and his household goods to his home and subsequently to his new duty station after re-enlistment."

DOD officials informed us, however, that specific studies to support the position that reenlistment travel payments are cost effective have not been made.

As requested by your office we did not obtain DOD's comments on this report. We plan no further distribution of this report unless you agree or publicly announce its contents.

Sincerely yours,

Acting
Comptroller General
of the United States

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