



Highlights of [GAO-03-1004](#), a report to congressional committees

Why GAO Did This Study

Since the 1991 Persian Gulf War, National Guard and Reserve personnel have been deployed to a number of contingency operations. Since September 2001, about 300,000 reservists have been called to active duty, and the pace of reserve operations is expected to remain high for the foreseeable future. House Report 107-436 accompanying the Fiscal Year 2003 National Defense Authorization Act (P.L. 107-314) directed GAO to review compensation programs for reservists serving on active duty. GAO evaluated information on income change reported by reservists when activated; reserve families' readiness for call-ups and their awareness and use of family support programs, focusing on personal financial management; and a legislative proposal for the Department of Defense (DOD) to offer TRICARE, the military's health care program, to reservists and their families when members are not on active duty.

What GAO Recommends

GAO recommends that DOD determine the need for and, if necessary, develop targeted compensation programs to address income loss incurred by certain activated reservists; improve awareness and access to personal financial management programs; and assess the need for and ramifications of additional improvements to health care for reservists and their families. DOD concurred with our recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-03-1004. To view the full product, including the scope and methodology, click on the link above. For more information, contact Derek B. Stewart (202) 512-5559 or stewartd@gao.gov.

MILITARY PERSONNEL

DOD Needs More Data to Address Financial and Health Care Issues Affecting Reservists

What GAO Found

DOD lacks sufficient information on the magnitude, the causes, and the effects of income change to determine the need for compensation programs targeting reservists who (1) fill critical wartime specialties, (2) experience high degrees of income loss when on extended periods of active duty, and (3) demonstrate that income loss is a significant factor in their retention decisions. Such data are critical for assessing the full nature and scope of income change problems and in developing cost-effective solutions. DOD self-reported survey data from past and current military operations indicate that activated reservists have experienced widely varying degrees of income change. While many reservists lost income, more than half of reservists had either no change or a gain in income. However, survey data are questionable primarily because it is unclear what survey respondents considered as income loss or gain in determining their financial status.

DOD has placed greater emphasis on preparing reservists' families for potential call-ups, yet survey data show that one-third of spouses do not feel prepared, over half of reservists are not aware of family support programs, and more than 90 percent of spouses do not use these programs. Personal financial management, one of DOD's core family support programs, illustrates the continuing challenges DOD faces in providing outreach to reservists. The 2000 survey data showed that 61 percent of reservists did not know whether personal financial management services were available. The survey also showed that reservists have financial problems similar to their active duty counterparts. DOD is taking steps to improve personal financial management, but it has not assessed the financial well-being of reserve families, assessed the impact of reservists' financial problems on mission readiness, or determined how to tailor its programs to reservists.

Available DOD data do not identify a need to offer TRICARE to reservists and their families when members are not on active duty. Estimates from DOD's 2000 survey showed that nearly 80 percent of reservists had health care coverage when they were not on active duty. This rate is similar to that of comparable groups within the overall U.S. population. DOD has expressed concern over the estimated costs of this proposal. Cost estimates range up to \$5.1 billion a year. However, DOD has not fully assessed the ramifications of this proposed legislation, including the impact on recruiting and retention, the effects on active duty personnel, the extent reservists and their families might participate in such a program, or the impact on the TRICARE system. In addition, a high percentage of reservists' civilian employers who currently pay some or all of health care premiums for reservists during activations could discontinue providing such assistance. A number of recent improvements have been made to reservists and their families' health care when members are activated. However, DOD lacks data on problems reservists and their families have experienced with health care since the mobilizations following September 11, 2001; the causes of these problems; and their effects on readiness, recruiting, and retention.