



# Increasing Efficiency and Incentives for Performance in the Army's Selective Reenlistment Bonus (SRB) Program

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This report documents research and analysis conducted as part of a project entitled *Improving the Efficiency and Effectiveness of Special and Incentive Pays in the Army*, sponsored by the Assistant Secretary of the Army for Manpower and Reserve Affairs. The purpose of the project was to help the Army determine how to best increase incentives for higher performance among enlisted members and to more efficiently achieve Army retention objectives.



## RESEARCH QUESTIONS

- Does the Army's current SRB program increase or reduce performance incentives?
- What could be done to improve performance incentives?
- Would restructuring SRBs to increase performance also reduce SRB costs per soldier?
- Does faster promotion speed indicate factors other than supply and demand?



## KEY FINDINGS

The Army's current SRB structure is predicted to reduce performance incentives

- Under the Army's current Tiered SRB program, soldiers who are promoted slower receive the same SRB as faster-promoted soldiers in the same specialty and tier (given additional obligation length).
- The current structure of the Tiered SRB program reduces performance incentives in the upper grades relative to offering no SRBs at all.

Restructuring SRBs to reward faster promotion to each grade would improve performance incentives

- Performance would improve if the Army targeted SRBs based on years of service for each grade.
- Selective retention and promotion of higher-ability soldiers to higher grades would also improve

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performance relative to the Army's current approach.

- Regardless of which specialty was considered, restructuring SRBs to reward those who are promoted faster would increase performance incentives relative to the current approach used by the Army.

Restructuring SRBs to increase performance could reduce SRB costs per soldier, but not always

- Restructuring SRBs would reduce costs per soldier in some occupations but not in others.
- Whether restructuring SRBs would be more efficient in those other occupations depends on whether the improvement in performance incentives is worth the higher cost per soldier.

While supply and demand factors explain some of the variation in promotion to E-4 and to E-5, a substantial share of the variation in promotion speed is not explained by these factors

- Merit and performance still seem to play an important role, especially for time to E-5 for the Army.

