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**Seventh
Quadrennial
Review of
Military
Compensation**

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**Special and
Incentive Pays
Major Topical Summary (MTS) 4**

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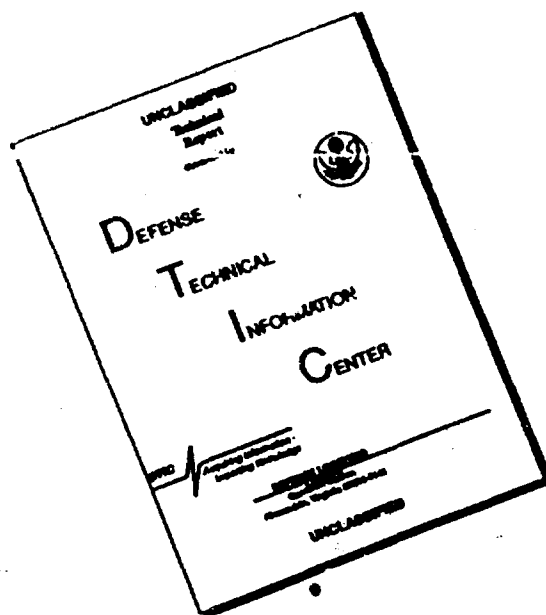
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1. AGENCY USE ONLY (Leave blank)	2. REPORT DATE AUG 92	3. REPORT TYPE AND DATES COVERED Final	
4. TITLE AND SUBTITLE Special and Incentive Pays Major Topical Summary (MTS) 4		5. FUNDING NUMBERS	
6. AUTHOR(S) Brigadier General James W. McIntyre, USAF Executive Director, Seventh Quadrennial Review of Military Compensation (7th QRMC)			
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) The Seventh Quadrennial Review of Military Compensation The Pentagon, Room 3D820 Washington, DC 20301-4000		8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES) Office of the Assistant Secretary of Defense (Force Management and Personnel) The Pentagon, Room 3E764 Washington, DC 20301-4000		10. SPONSORING / MONITORING AGENCY REPORT NUMBER	
11. SUPPLEMENTARY NOTES			
12a. DISTRIBUTION / AVAILABILITY STATEMENT Available to the public.		12b. DISTRIBUTION CODE	
13. ABSTRACT (Maximum 200 words) This MTS of the 7th QRMC addresses the effectiveness of Special and Incentive (S&I) pays as flexible tools to enable the Department of Defense (DoD) to compete in an ever-changing labor market. The study focuses on management processes rather than point-in-time evaluations of each existing pay level. Recommendations include organizing S&I pays into three categories for more efficient management and suggestions for improving DoD's flexibility to adjust pay levels and pay policy in response to short-term manning requirements.			
14. SUBJECT TERMS special pays, incentive pays, S&I pays, hazardous duty pay, bonuses, competitiveness, selective reenlistment bonus, SRB			15. NUMBER OF PAGES 192
			16. PRICE CODE
17. SECURITY CLASSIFICATION OF REPORT Unclassified	18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified	19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified	20. LIMITATION OF ABSTRACT

SPECIAL AND INCENTIVE PAYS

Seventh Quadrennial Review of Military Compensation

SPECIAL AND INCENTIVE PAYS

7th QRMC Major Topical Summary (MTS) 4

DATE QUALITY INSPECTED 5

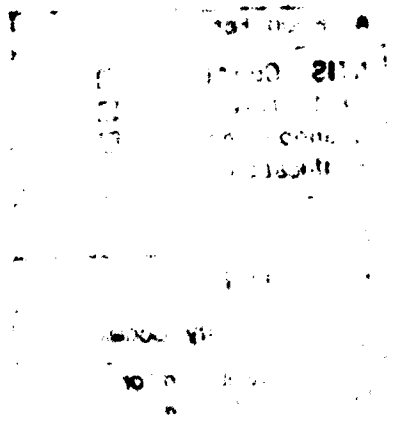
August 1992

Accession For	
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DTIC TAB	<input type="checkbox"/>
Unannounced	<input type="checkbox"/>
Justification _____	
By _____	
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Availability Codes	
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Special and Incentive Pays
Major Topical Summary (MTS) 4

A staff paper of the Seventh Quadrennial Review of Military Compensation
August 1992

Office of the Assistant Secretary of Defense
(Force Management and Personnel)
The Pentagon, Room 3E764
Washington, DC 20301-4000



7TH QRMC STAFF ANALYSES

The full set of the 7th QRMC study documentation includes this report and the 7th QRMC Staff Analyses, which form a series of stand-alone reports. The reports in the Staff Analyses provide detailed facts and logic of interest to the small audience of staff specialists who may require a more complete understanding of the findings and recommendations in our official report.

There are two types of documents in the Staff Analyses: Major Topical Summaries (MTSs) and Global Subject Papers (GSPs). MTSs cover primary areas of investigation, such as basic pay and allowances, while GSPs cover either theoretical considerations, such as the principles of compensation, or special research subjects, such as foreign military compensation systems. All other QRMC staff documents are internal working papers that do not necessarily represent the official views of the QRMC. The Staff Analyses consist of the following documents:

MAJOR TOPICAL SUMMARIES (MTSs)

Compensation Structure	MTS 1
Basic Pay	MTS 2
Allowances	MTS 3
Special and Incentive Pays	MTS 4
Annual Pay Adjustment	MTS 5
Integration and Transition	MTS 6

GLOBAL SUBJECT PAPERS (GSPs)

Foreign Military Compensation Systems Review	GSP A
The Target Force	GSP B
Modeling, Logic, and Theory	GSP C
Tax Issues	GSP D
Cost Analysis Methods	GSP E
Principles of Military Compensation	GSP F
Drawdown	GSP G
Service Comments on the Draft Report	GSP H

SPECIAL AND INCENTIVE PAYS

CONTENTS

LIST OF PARTICIPANTS	xiii
CHAPTER 1—INTRODUCTION	1-1
CHAPTER 2—RESULTS IN BRIEF	2-1
Categorization	2-1
Adjustment of Incentive Pays	2-2
Adjustment of Hazardous Duty Pays	2-3
Simplification	2-3
Issues Concerning Individual S&I Pays	2-4
CHAPTER 3—CATEGORIZATION AND MANAGEMENT OF SPECIAL AND INCENTIVE PAYS	3-1
Overview	3-1
Existing Categorization	3-1
The Problem	3-3
Categorization as the Key to Effective Management	3-5
Developing a Classification System	3-5
Hazardous duty pays	3-7
Career incentive pays	3-7
Skill incentive pays	3-9
Conclusions	3-11
Recommendations Concerning Categorization and Management	3-11
CHAPTER 4—ADJUSTMENT OF INCENTIVE PAYS	4-1
Overview	4-1
Evolution of Incentive Pays	4-1
Flight pay	4-1
Reenlistment bonuses	4-2
Results of the current adjustment process	4-3
Management of Incentive Pays	4-5
Relationship to total cash compensation	4-5
Guidelines for improved management	4-5
Maintaining balance between related incentive pays.	4-6
Establishing incentive pays.	4-7
Adjusting incentive pays.	4-8
Alternative Adjustment Mechanisms	4-8
Cost-benefit methodology	4-8

Increasing service flexibility	4-9
Adjusting enlisted skill incentive pays	4-10
Adjusting officer skill incentive pays	4-11
Periodic review	4-13
Conclusions	4-15
Recommendations for Adjusting Incentive Pays	4-15
CHAPTER 5—ADJUSTMENT OF HAZARDOUS DUTY PAYS	5-1
Overview	5-1
Description of Hazardous Duty Pays	5-1
Historical Review	5-2
Hazardous duty pay rate adjustment	5-3
Hostile fire or imminent danger pay	5-4
Method of Analysis	5-6
Logic tree	5-6
Current value	5-7
Future value	5-7
Alternatives	5-8
A. Status quo (base case)	5-8
B. Automatic index	5-9
C. Recover value, automatic index	5-9
D. Recover value, periodic review	5-9
Conclusions	5-9
Recommendation for Adjusting Hazardous Duty Pays	5-11
CHAPTER 6—FUTURE SIMPLIFICATION OF S&I PAYS	6-1
Overview	6-1
Skill Incentive Pays	6-1
Career Incentive Pays	6-1
Hazardous Duty Pay	6-2
Conclusion	6-2
CHAPTER 7—ISSUES CONCERNING INDIVIDUAL SPECIAL AND INCENTIVE PAYS	7-1
Overview	7-1
Pays Recommended for Elimination	7-1
Restructuring of Certain Places Pay	7-1
Recommendations	7-1
CHAPTER 8—SUPPLEMENTARY INFORMATION	8-1
Graphical Information	8-1
Draft Legislation	8-1
Draft Executive Order	8-1
BIBLIOGRAPHY	Bib-1
APPENDIX A—DESCRIPTION OF THE ROUTINE ADJUSTMENT PROCESS FOR SPECIAL AND INCENTIVE PAYS	A-1

APPENDIX B—SPECIAL AND INCENTIVE PAYS LISTED BY CATEGORY AND KEY VARIABLES	B-1
APPENDIX C—ORIGIN OF SPECIAL PAY FOR MEMBERS ASSIGNED TO INTERNATIONAL MILITARY HEADQUARTERS	C-1
APPENDIX D—SPECIAL PAY FOR NUCLEAR-TRAINED AND QUALIFIED ENLISTED MEMBERS	D-1
APPENDIX E—RESTRUCTURING OF SPECIAL PAY WHILE ON DUTY AT CERTAIN PLACES	E-1
APPENDIX F—SUPPLEMENTARY GRAPHICAL INFORMATION ABOUT SPECIAL AND INCENTIVE PAYS	F-1
APPENDIX G—DRAFT LEGISLATIVE PROPOSAL	G-1
APPENDIX H—DRAFT EXECUTIVE ORDER	H-1

SPECIAL AND INCENTIVE PAYS

FIGURES

Figure 3-1.	Adjustment Process for Special and Incentive Pays	3-4
Figure 4-1.	S&I Pays as a Percentage of Cash Compensation	4-5
Figure 4-2.	The Relationship Between Incentive Pays and Regular Military Compensation	4-6
Figure 4-3.	Notional Incentive Pay Review Process	4-14
Figure 5-1.	S&I Pays--FY 1990 Cost	5-1
Figure 5-2.	History of Hazardous Duty Pay Rates	5-5
Figure 5-3.	Hazardous Duty Pay Decision Logic Tree	5-6
Figure 5-4.	Value of Hazardous Duty Pays Relative to Military Pay Increases since 1986	5-7
Figure 5-5.	Projected Value of Hazardous Duty Pays If Indexed to Military Pay Increases	5-8
Figure 5-6.	Cost Comparison for Hazardous Duty Pay Adjustment Options	5-10
Figure E-1.	Erosion of Certain Places Pay Value Since 1949	E-3

SPECIAL AND INCENTIVE PAYS

TABLES

Table 3-1.	Contents of Chapter 5 of Title 37, United States Code	3-2
Table 4-1.	Cumulative Change in Incentive Pays 1974-1991	4-4
Table 4-2.	S&I Pay Data by Service	4-5
Table 4-3.	Officer and Enlisted Skill Incentive Pay Groups	4-10
Table 4-4.	Comparison of Management Methods for Officer Skill Incentive Pays	4-12
Table 4-5.	Officer Retention Bonus Management	4-12
Table 4-6.	Incentive Pay Review Data to Be Maintained by DMDC	4-14
Table 6-1.	Special and Incentive Pay Categories	6-2
Table D-1.	37 U. S. C. 312a	D-2

SPECIAL AND INCENTIVE PAYS

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SPECIAL AND INCENTIVE PAYS

CHAPTER 1—INTRODUCTION

The next few decades will pose force structure challenges for the Department of Defense, both in the downsizing of the 1990s and in the long-term development of a stable, efficient force structure. One thing must not change: the uniformed services must ensure that the quality of the men and women serving our country remains at the same high level achieved during the 1980s, culminating in the success of Operation Desert Storm. To do so, the Department of Defense needs flexible and effective tools to compete in an ever-changing labor market. Special and incentive (S&I) pays are meant to serve as those tools.

President Bush emphasized the importance of attracting and retaining high-quality individuals within the military by directing the 7th QRMC to evaluate special pays and bonus programs and their periodic adjustment.¹ Derived from the President's charter, the 7th QRMC objectives were to review the existing system of S&I pays and to determine the most effective method to adjust their rates periodically. This QRMC review contrasts with earlier studies by focusing on *management* processes rather than on a point-in-time evaluation of each current pay level.

The first step was to validate the purpose of each pay and group them according to their functional and management characteristics. Specific adjustment methods were then developed for each group.

¹President, Memorandum for the Secretary of Defense, Subject: The Seventh Quadrennial Review of Military Compensation (QRMC), November 6, 1990.

SPECIAL AND INCENTIVE PAYS

CHAPTER 2— RESULTS IN BRIEF

Cash compensation paid in addition to basic pay and allowances is identified as *special and incentive (S&I) pays* in the law and implementing regulations. More than any other element of military compensation, S&I pays contribute to keeping military salaries flexible and competitive. S&I pays have been established to attract and retain individuals with critical skills, to encourage retention in career fields and assignments involving arduous or unusual conditions, or to recognize members who perform hazardous duties. Members of the uniformed services who qualify for one or more of these 55 taxable pays receive them in addition to their basic pay and allowances.

CATEGORIZATION

The QRMC found that most special and incentive pays are managed on an ad hoc, case-by-case basis that is neither timely nor efficient. Nor is there any coherent categorization for these pays reflected in the law or administrative publications of the Department of Defense. The generic terms *special pay* and *incentive pay*, although applied to nearly every individual pay, stand undefined and scarcely represent a classification system. These findings are significant because formulating a coherent, objective-based classification system is an essential first step in the development of more efficient management procedures.

It is the judgment of the 7th QRMC that the current, one-at-a-time management mode dooms any attempt to improve the system. Instead, the 7th QRMC recommends that the 55 special and incentive pays be grouped by function, purpose, type, target audience, and other useful measures and then managed collectively.

Based on a review of individual pays, the QRMC determined that there are two fundamental purposes for their payment: to provide an incentive to join or remain in the military in a specific capacity or to recognize the performance of hazardous jobs. Incentive pays may be subdivided into two groups, while recognition pays form a relatively homogenous group based on uniform requirements for their regulation and adjustment. Therefore, although some dual-purpose pays exist, a total of three categories is sufficient to sort existing special and incentive pays by purpose and management requirements.

The 7th QRMC recommends amending title 37 of the United States Code to organize the 55 special and incentive pays into three explicit categories for more efficient management:

- Career Incentive Pay—monthly cash payments paid on a long-term basis to attract members to certain career fields, duty positions, or locations.
- Skill Incentive Pays—lump-sum or annual cash bonuses paid to attract and retain qualified members to perform in a critical skill area for a specific term of service.
- Hazardous Duty Pays—monthly cash payments paid to recognize members who perform hazardous duties.

Once the pays were more clearly organized by purpose, the next step was to determine the most efficient method to manage the various categories of pay.

ADJUSTMENT OF INCENTIVE PAYS

The 7th QRMC concluded that incentive pays should be managed in an integrated fashion as a set of tools designed to respond to supply and demand. Under the recommended concept, incentive pays would be subdivided into career pays, which are longer-term stipends, and skill pays, which represent bonuses and short-term incentives. Within the two broad groups, the uniformed services would manage incentive pay funds (within Congressional guidelines) under a total incentive pay ceiling or budget. This would afford DoD the flexibility to manage the limited resources to address the most serious personnel shortfalls in the most cost-effective manner possible. The recommended classification scheme and collective management philosophy must be coordinated and endorsed by both the administration and the Congress.

In developing a management philosophy for incentive pays, the QRMC determined that the lure of the civilian labor market has two facets. First, in competitive skill areas, civilian pay levels are typically higher than regular military compensation in the long term—substantially so in fields such as aviation and medicine.¹ Second, notwithstanding the relative level of compensation, the number of job opportunities (i.e., demand) fluctuates according to relatively short-term market conditions. Therefore, there tends to be relatively continuous attraction to the civilian side, based on enduring high levels of compensation, that is modulated by a superimposed fluctuating attraction based on demand in the current civilian labor market.

To be most effective in influencing a member's long-term goals, career incentive pay must be relatively stable and predictable for long periods. In contrast, skill incentive pay is most effective when paid up front in the form of a bonus, the size of which can therefore be changed frequently without loss of effectiveness. This dichotomy suggests that when a manning problem first becomes apparent, skill incentive pay, or a bonus, should be the first remedy tried. If the problem persists, then career incentive pay should be considered.

¹In addition, other conditions of employment are normally less rigorous on the civilian side.

Similarly, when a problem seems to be abating, the skill incentive should be cut first, and the career incentive should be cut only when long-term improvement is actually demonstrated.

Several other factors were considered by the QRMC to manage incentive pays. Because training more new members may be more desirable than paying a premium to retain old ones, cost-benefit analyses should be applied routinely to assist in making such management decisions. This would require participation of both the services and OSD in supporting a substantial modeling effort; but in the long run the use of a valid, robust cost-benefit methodology would rationalize the adjustment of these pays. Moreover, frequent, periodic reviews should be required to maintain efficiency in an unpredictable or changing environment such as is likely to exist in the coming decade. Therefore, the QRMC recommended the establishment of an OSD-sponsored review panel. Finally, because the enlisted selective reenlistment bonus program (SRB) has successfully given the services essential flexibility in dealing with market changes, the QRMC recommended adoption of a parallel program for officer bonuses.

The 7th QRMC recommends:

- *Using the Selective Reenlistment Bonus (SRB) Program as a model to develop an officer continuation bonus for nonmedical specialties.*
- *Developing cost-benefit models to assist management decisions on the adjustment of incentive pays.*
- *Establishing an Incentive Pay Review Committee to perform an annual review of incentive pays, promote cost-benefit modeling, and ensure consistency and timeliness of compensation adjustments.*

ADJUSTMENT OF HAZARDOUS DUTY PAYS

Because recognition, not recruiting or retention, is the distinguishing objective of hazardous pays, rates are based on an equity evaluation rather than on market conditions and the law of supply and demand. So long as payment on this moral basis is deemed reasonable, then the value of such pays, once established, should be preserved.

The 7th QRMC recommends:

- *Restoring the value of hazardous duty pay by setting the monthly payment at \$150 and reviewing the hazardous duty pay rate every four years.*

SIMPLIFICATION

After providing specific recommendations for management of S&I pays, the QRMC suggested as a goal the further simplification of the current list of 55 pays. The basic premise would be to combine all S&I pays into eight pay groups: enlistment bonus,

reenlistment bonus, officer accession bonus, officer continuation bonus, continuous career incentive, noncontinuous career incentive, sea and certain places supplements, and hazardous duty pays. Although downsizing to eight pays may not be immediately feasible, any consolidation of the current list of 55 pays would ease the management burden and would be supported by the QRMC.

ISSUES CONCERNING INDIVIDUAL S&I PAYS

While the study plan did not call for the case-by-case evaluation of individual pays, three pays were discovered during the review that obviously require individual attention. Two are not being paid and are not needed; the third needs restructuring to improve its efficiency.

The 7th QRMC recommends:

- *Repealing provisions for special pay for members assigned to international military headquarters and for nuclear-trained and qualified enlisted members, and restructuring certain places pay.*

SPECIAL AND INCENTIVE PAYS

CHAPTER 3—CATEGORIZATION AND MANAGEMENT OF SPECIAL AND INCENTIVE PAYS

OVERVIEW

This section begins with a description of special and incentive pays as they are now categorized in the law and the administrative publications of the Department of Defense. Next, there is an explanation of why an improved classification system is a necessary first step in devising better management procedures. Finally, the QRMC's approach to the problem and our proposed management scheme are detailed.

EXISTING CATEGORIZATION

There are 55 special and incentive pays currently identified in chapter 5 of title 37 of the United States Code, as listed in Table 3-1. It is interesting to note that the 55 pays are addressed in 38 different sections of the law—some sections cover more than one pay. All but 4 of the 38 sections listed in this table are labeled *special pays*. Of the 4 exceptions, 3 are labeled *incentive pays*, and the other is simply called a *bonus*.

For example, section 301 as a whole is entitled, "Incentive pay: hazardous duty." It is one of the sections that covers more than one pay. Most of the pays in this section serve as recognition for performing hazardous duty and have only marginal incentive value. These include flight pay (noncrewmember); parachute pay; demolition duty pay; pressure chamber duty pay; acceleration or deceleration duty pay; thermal stress duty pay; flight deck duty pay; toxic pesticide, viral, or bacterial exposure pay; and toxic fuels or chemical munitions exposure pay. However, the list also includes crew member flight pay and officer air weapons controller flight pay that are paid primarily for their incentive value and only incidentally as recognition for performing hazardous duty—they do not logically belong here. On the other hand, hostile fire or imminent danger pay, although listed in section 310 as a special pay, is actually a recognition pay for the performance of hazardous duty and does logically belong here.

The alpha-numeric sections that follow section 301 form another curious assortment. Section 301a is entitled "Incentive pay: aviation career" (acronym: ACIP). This makes sense because ACIP is an incentive pay. However, the aviation bonus, found in Section 301b, is listed as "Special Pay: aviation career officers extending period of active duty," even though it is certainly an incentive pay. Section 301c is entitled, "Incentive pay: submarine duty." As in the case of ACIP, this also makes sense because submarine duty pay is an incentive pay.

Table 3-1. Contents of Chapter 5 of Title 37, United States Code

CHAPTER 5--SPECIAL AND INCENTIVE PAYS

Sec.

- 301. Incentive pay: hazardous duty.
- 301a. Incentive pay: aviation career.
- 301b. Special pay: aviation career officers extending period of active duty.
- 301c. Incentive pay: submarine duty.
- 301d. Retention bonus: medical officers of the armed forces.
- 302. Special pay: medical officers of the armed forces.
- 302a. Special pay: optometrists.
- 302b. Special pay: dental officers of the armed forces.
- 302c. Special pay: psychologists and nonphysician health care providers.
- 302d. Special pay: accession bonus for registered nurses.
- 302e. Special pay: nurse anesthetists.
- 303. Special pay: veterinarians.
- 303a. Special pay: health professionals; general provisions.
- 304. Special pay: diving duty.
- 305. Special pay: while on duty at certain places.
- 305a. Special pay: career sea pay.
- 306. Special pay: officers holding positions of unusual responsibility and of critical nature.
- 306a. Special pay: members assigned to international military headquarters.
- 307. Special pay: special duty assignment pay for enlisted members.
- 308. Special pay: reenlistment bonus.
- 308a. Special pay: enlistment bonus.
- 308b. Special pay: reenlistment bonus for members of the Selected Reserve.
- 308c. Special pay: bonus for enlistment in the Selected Reserve.
- 308d. Special pay: enlisted members of the Selected Reserve assigned to certain high priority units.
- 308e. Special pay: bonus for reserve affiliation agreement.
- 308f. Special pay: bonus for enlistment in the Army.
- 308g. Special pay: bonus for enlistment in elements of the Ready Reserve other than the Selected Reserve.
- 308h. Special pay: bonus for reenlistment, or voluntary extension of enlistment in elements of the Ready Reserve other than the Selected Reserve.
- 308i. Special pay: prior service enlistment bonus.
- 309. [Repealed.]
- 310. Special pay: duty subject to hostile fire or imminent danger.
- 311. [Repealed.]
- 312. Special pay: nuclear-qualified officers extending period of active duty.
- 312a. Special pay: nuclear-trained and qualified enlistment members.
- 312b. Special pay: nuclear career accession bonus.
- 312c. Special pay: nuclear career annual incentive bonus.
- 313. [Repealed.]
- 314. Special pay: qualified enlisted members extending duty at designated locations overseas.
- 315. Special pay: engineering and scientific career continuation pay.
- 316. Special pay: foreign language proficiency pay.
- 317. Special pay: officers in critical acquisition positions extending period of active duty.

Note: This table is a facsimile of the introductory matter on page 18 of the 102d Congress, 1st Session, Committee Print No. 3, *Title 37, United States Code, Pay and Allowances of the Uniformed Services* (Washington: 1991).

In 1991, the newest medical officer bonus was added as section 301d without being labeled as either an incentive or a special pay. The missing label may reflect some definitional uncertainty. Perhaps it was listed here, near the incentive pays, because that reflects its purpose, even though all other medical bonuses are found in sections 302 and beyond and are listed as special pays.

Sections 302 through 317 cover a wide variety of pays for certain skills or duties as well as all of the various bonuses. Each is listed as a special pay, even though its primary purpose is to serve as an incentive.

Implementing policies and procedures for these special and incentive pays are extremely complex, and the management flexibility provided in the law varies significantly. For example, some of the pay rates are fixed at specific dollar amounts while others are capped, allowing the service Secretaries flexibility in establishing actual rates. Some pays are specified in terms of monthly rates while others are granted as annual bonuses. Some carry specific limits or conditions for payment while the Secretaries may make this determination for others. These considerations also bear on the classification issue.

THE PROBLEM

Despite their patchwork nature, special and incentive pays have been an important element of the military compensation system since its inception. Because of the way they began and have evolved, they are customarily managed one at a time on an ad hoc basis. This cumbersome process has not often been recognized as a major generic problem, especially during the relatively stable conditions over the last several decades. Nevertheless, there have been significant problems in managing specific types of pays. For example, when labor market conditions provided more attractive options for aviators and health professionals in 1988, retention fell and special study groups were hastily assembled in the Department of Defense. These groups raced the clock to produce timely recommendations for congressional consideration, and it was only through such exceptional efforts that appropriate changes were made in relevant bonuses and other incentive pays for the next fiscal year.

The routine adjustment process for special and incentive pays is portrayed schematically in Figure 3-1, and a full description is included at Appendix A. Because of the effort required to overcome the inertia of this management process, pays that do not enjoy the highest priority suffer from neglect. As a result, pays that may have outlived their usefulness can remain on the books, while pays that are needed lose their effectiveness for lack of appropriate adjustment.

In the future, special and incentive pays will likely prove to be increasingly important tools for shaping our forces. As global markets expand, new factors will shape the competition for skilled personnel, and the military will need more flexibility in offering bonuses and other incentives to meet this challenge. New missions and technologies will

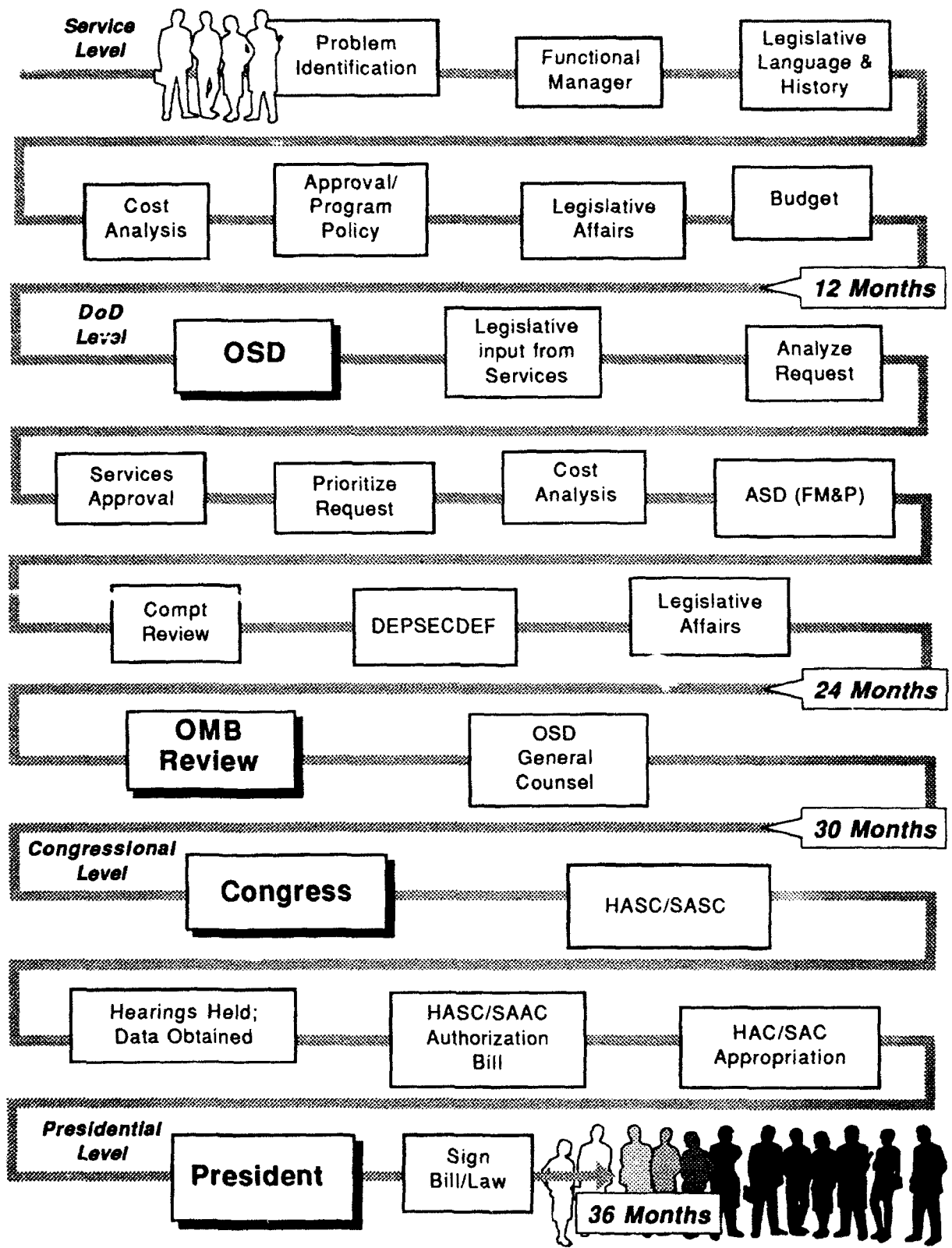


Figure 3-1. Adjustment Process for Special and Incentive Pays

emerge, and it will be necessary to respond to them as well by making timely adjustments to both recognition and incentive pays. Yet budgets are likely to be more constrained than in the past, and the military will not be able to afford to wait months or years to correct inefficiencies in individual pays. Without new management procedures, evolving needs may go unsatisfied until a serious manning crisis develops because the inflexibility of current law limits the services' authority for action.

While the likelihood of labor market changes is apparent, the details are not. This means that the biggest payoffs for the future are likely to come from concentrating on improving management processes rather than on following the traditional approach and developing specific adjustments for specific pays that may be valid only for a particular point in time.

CATEGORIZATION AS THE KEY TO EFFECTIVE MANAGEMENT

The existing process for adjusting special and incentive pays essentially mimics the routine planning, programming, and budgeting system (PPBS) of the Department of Defense. The chances seem remote of being able to streamline that process to expedite the adjustment of special and incentive pays. In what direction, then, is improvement possible?

The answer lies in achieving greater management efficiency through collective management of like pays. There are currently 55 distinct special and incentive pays. Rather than a separate adjustment mechanism for each pay, it would be more efficient to group together those pays that serve the same or a similar purpose and, therefore, should be managed on the same basis. Once the pays are organized by purpose, it would be much easier to align them further according to other management considerations. The key point is that collective management options, including adjustment mechanisms, cannot be developed without first devising a coherent system of categorization. Just as language is a precursor to abstract thinking, categorization is a precursor to collective management.

It is important that the categorization scheme be reflected in the law as well as in administrative orders and departmental regulations. The reason is obvious. The existing system once made better sense than it does today, but evolution has worked to confuse the original logic as changes have been made on a case-by-case basis. To be successful, any new system of classification must be an integral part of both policy making and administration.

DEVELOPING A CLASSIFICATION SYSTEM

The next phase of the QRMC analysis was to develop a classification structure that would support improved management. As an initial step in the development process, 40 management features were identified and used to classify each of the 55 pays. Next, the pays were sorted into similar groups based on common characteristics. The most significant factors considered in this phase of the analysis included the following:

1. What was the Congressional intent?
2. Does the pay target a duty or a skill?
3. What is its primary purpose (hazardous or arduous duty, recognition, skill retention, accessions)?
4. How is the pay controlled (capped or fixed rate), and what degree of flexibility is allowed the Services?
5. How is the pay structured (variable or single rate, or bonus)?
6. Who gets the pay (officers, enlisted, both)?
7. By what criteria does the rate vary (grade/time-in-service/obligation/skill level/gates)?
8. Are training costs a significant factor?
9. Is experience a significant factor?
10. Does the pay target a skill that is transferable to the civilian labor market?
11. What is the payment period (lump sum, annually, monthly, combination)?
12. What conditions must be met (qualification, location, duty, obligation)?
13. What are the current pay rates and when have they changed?
14. How many members draw the pay and how much is spent?
15. How was it classified in previous studies.?

The next step was to sort the pays by their purpose: either as an incentive to join or stay or as recognition for performing hazardous duty. Because some pays serve both purposes, it was necessary to make a judgment about which one was primary.

The pays were then sorted on a group of variables affecting regulation and adjustment. They included the following entries from the above list: (2) what the pay targets, (4) how the pay is controlled, (10) whether or not the pay is for a skill transferable to the civilian labor market, and (11) payment period. The results showed a clear distinction between hazardous duty recognition pays and the remaining incentive pays. Incentive pays, in turn, formed two distinct groups based on what the pay targeted—that is, whether paid while performing within specific career fields or for possessing a specific skill.

Sorting continued on other variables. The results of every combination tried showed the same clear distinction between hazardous duty recognition pays and the incentive pays. The distinction between career incentive pays and skill incentive pays was also clear, depending on whether payments are distributed on a long-term or a short-term basis. Overall, this

heuristic experiment showed that the existing group of special and incentive pays may be classified into two broad groups based on their fundamental purpose, and that those pays with an incentive purpose form two sub-groups based on what they target (whether a career or a skill). Thus, three distinct categories are available to support management by objective: hazardous duty, career incentive, and skill incentive. Definitions for each category and a listing of each pay by category are provided as follows:¹

- **Hazardous duty pays**—monthly cash payments paid to recognize members who perform hazardous duties. The individual pays in this category recognize:
 - Frequent and regular participation in aerial flight, not as a crew member under clause (1) of this subsection [§301(a)(2)]
 - Performing parachute jumping as an essential part of military duty (includes HALO) [§301(a)(3)]
 - Demolition of explosives as a primary duty, including training for that duty [§301(a)(4)]
 - Performing duties inside a high- or low-pressure chamber [§301(a)(5)]
 - Serving as an acceleration or deceleration experimental subject [§301(a)(6)]
 - Serving as a subject in thermal stress experiments [§301(a)(7)]
 - Frequent and regular participation in aerial flight operations on the flight deck of a ship from which aircraft are launched [§301(a)(8)]
 - Frequent and regular exposure to highly toxic pesticides or work in a laboratory that uses live dangerous viruses or bacteria [§301(a)(9)]
 - (A) the servicing of aircraft or missiles with highly toxic fuels or propellants, (B) the testing of aircraft or missile systems (or components of such systems) during which highly toxic fuels or propellants are used, or (C) the handling of chemical munitions (or components of such munitions) [§301(a)(10)]
 - Duty subject to hostile fire or imminent danger [§310].

- **Career incentive pays**—paid monthly on a long-term basis to attract and retain members who will perform voluntarily, on an occasional or continuous basis, in certain career fields, duty positions, or locations. Some fundamental

¹Section numbers from title 37 of the United States Code are given in brackets for each pay on these lists for positive identification.

characteristics are associated with this category of pay. The pay is normally legislated as an entitlement. The pay rate is usually fixed in law; in some cases, however, it is capped thus giving the services flexibility in establishing the pay level. The pay is stable and, as long as the recipient maintains basic qualification requirements, he or she can count on the pay as part of the monthly pay check. This pay does not incur an obligation for future service. Career incentive pays can best be characterized as stable, long-term compensation that provide incentive to work in specific military career fields. The incentive pays in this category cover:

- Frequent and regular participation in flight as a crew member, as determined by the Secretary concerned, except as a member who is entitled to ACIP [§301(a)(1)]
- Diving duty [§304]
- Career sea pay (includes sea pay premium) [§305a]
- Special duty assignment for enlisted members [§307]
- Qualified enlisted members extending duty at designated locations overseas [§314]
- Enlisted members of the Selected Reserve assigned to certain high-priority units [§308d]
- Aviation career [§301a]
- Frequent and regular participation in aerial flight by an officer (other than a warrant officer) who is serving as an air weapons controller crew member (as defined by the Secretary concerned) aboard an airborne warning and control system aircraft (as designated by such Secretary) and who is not entitled to ACIP [§301(a)(11)]
- Submarine duty [§301c]
- Foreign language proficiency [§316]
- Medical officers of the armed forces variable incentive [§302(a)(2) and (3)]
- Medical officers of the armed forces board certification incentive [§302(a)(5)]
- Dental officers of the armed forces variable incentive [§302b(a)(2) and (3)]

- Dental officers of the armed forces board certification incentive [§302b(a)(5)]
 - Optometrists [§302a(a)]
 - Psychologists [§302c(b)]
 - Nonphysician health care providers [§302c(d)]
 - Veterinarians [§303]
 - Reserve medical officers [§302(h)]
 - Duty at certain places (as restructured) [§305]
 - Officers holding positions of unusual responsibility and of critical nature [§306].
- **Skill incentive pays**—lump-sum or annual cash bonuses paid to attract and retain qualified members who will perform voluntarily in a critical military skill field for a specific term of service. Because skill incentive pays are not entitlements, their payment is discretionary. Generally, the rate of pay is capped to give the services flexibility in administering the amount paid. The pay is normally in the form of a lump sum or annual installment. Finally, there is an incurred service obligation associated with these pays. Skill incentive pays can best be characterized as bonuses targeted toward retaining critical military skills. The incentive pays in this category cover:
 - Reenlistment, enlistment, or voluntary extension of enlistment in elements of the Ready Reserve other than the Selected Reserve [§308h]
 - Reenlistment for members of the Selected Reserve [§308b]
 - Reenlistment [§308]
 - Nurse anesthetists [§302e]
 - Optometrists retention [§302a(b)]
 - Aviation career officers extending period of active duty [§301b]
 - Engineering and scientific career continuation [§315]
 - Officers in critical acquisition positions extending period of active duty [§317]
 - Medical officers of the armed forces multi-year retention bonus [§301d]
 - Medical officers of the armed forces special incentive pay [§302(b)]

- Nuclear-qualified officers extending periods of active duty [§312]
- Nuclear career annual incentive bonus [§312c]
- Dental officers of the armed forces additional incentive pay [§302b(a)(4)]
- Medical officers of the armed forces additional incentive pay [§302(a)(4)]
- Enlistment bonus [§308a]
- Army enlistment bonus [§308f]
- Reserve affiliation agreement [§308e]
- Enlistment in elements of the Ready Reserve other than the Selected Reserve [§308g]
- Enlistment in the Selected Reserve [§308c]
- Prior-service enlistment bonus [§308i]
- Registered nurses accession bonus [§302d]
- Nuclear career accession bonus [§312b].

A spreadsheet showing key variables and the individual pays in each category constitutes Appendix B.

The QRMC acknowledges that the categories proposed above are not clear-cut in every respect. For example, special pay for officers holding positions of unusual responsibility and of critical nature does not fit neatly into a specific category. Its purpose includes an element of recognition, but not for the performance of hazardous duty. On the other hand, it is also an incentive to perform under unusual conditions, and this seems to be the predominant reason for paying it. Therefore, it was placed into the career incentive category on the basis of best fit. On the other hand, four pays whose primary purpose is to provide an incentive to serve also contain a hazardous duty element. They include flight pay for crew members, flight pay for air weapons controllers, aviation career incentive pay, and diving duty pay. While classifying these pays among the incentive pays is logical, there are rate-setting implications that will have to be addressed. Specifically, some will question whether or not the minimum rates for these pays should be set at least as high as the hazardous duty rate. The QRMC believes, however, that such questions ultimately would have to be addressed in any management approach that might be adopted and are not, therefore, major obstacles to the adoption of an objective-based categorization system.

CONCLUSIONS

Based on an analysis of the purposes served, prospects for the future, existing categorization, and management characteristics, the QRMC concluded, with respect to S&I pays:

- Special and incentive pays are likely to be increasingly important in the coming decade because they help provide the flexibility to remain competitive in changing labor markets and the selective drawing power needed to build and tailor high-quality military forces.
- Special and incentive pays are now managed on an ad hoc, case-by-case basis that is neither timely nor efficient.
- Management improvements, especially more effective methods of adjusting incentive pays, will produce better results as compared with ad hoc legislative adjustments.
- A system of categorization based on purpose and management objectives is a prerequisite to better management; no such system now exists in the law or administrative publications of the Department of Defense.
- Special and incentive pays can be categorized in three groups based on their primary purpose and management characteristics: hazardous duty pays, career incentive pays, and skill incentive pays.

RECOMMENDATIONS CONCERNING CATEGORIZATION AND MANAGEMENT

The 7th QRMC recommends amending title 37 of the United States Code to organize the 55 special and incentive pays into three explicit categories for more efficient management:

- *Career Incentive Pay—monthly cash payments paid on a long-term basis to attract members to certain career fields, duty positions, or locations.*
- *Skill Incentive Pays—lump-sum or annual cash bonuses paid to attract and retain qualified members to perform in a critical skill area for a specific term of service.*
- *Hazardous Duty Pays—monthly cash payments paid to recognize members who perform hazardous duties.*

SPECIAL AND INCENTIVE PAYS

CHAPTER 4—ADJUSTMENT OF INCENTIVE PAYS

OVERVIEW

Once the QRMC developed a workable organization scheme, the next step was to determine the most efficient method of managing each of the pay categories that were established. This section contains management recommendations for the career and skill incentive pay categories in the QRMC scheme. First, the evolution of incentive pays is reviewed to demonstrate how their emphases have changed over the years. Then the results of the current adjustment process for incentive pays are provided. Next, the definition, fundamental characteristics, and basic guidelines for the management of both types of pay are outlined. Finally, a specific adjustment process is recommended using a cost-benefit methodology.

EVOLUTION OF INCENTIVE PAYS

The following brief review of the evolution of incentive pays illustrates how these pays and their management requirements have changed over the years. This change in focus is germane to the development of a sound basis for future management.

Prior to the 1970s, incentive pays were primarily offered to recognize hazardous or arduous duty, or to encourage enlistment or reenlistment, regardless of specific skills. The creation of the all-volunteer force in 1972 and the technology explosion of the 1980s generated a strong demand for highly specialized skills in the military in direct competition with the civilian labor market. As a result, the number of incentive pays has grown, they are generally targeted toward specific skills, and they are either structured as short-term bonuses to boost service competitiveness or as long-term pays to encourage commitment to a military career.

For the purpose of historical review, two incentive pays, officer flight pay and selected reenlistment bonuses (SRBs), have been chosen as representative examples. Specific characteristics at selected points in the evolution of these two pays are highlighted to set the stage for a key recommendation: organizing incentive pays into two categories, skill incentives and career incentives.

Flight pay

The Aviation Career Incentive Act of 1974 constituted a fundamental restructuring of officer flight pay. It split what had been a single hazardous duty pay into a long-term career

incentive pay—Aviation Career Incentive Pay (ACIP)—and a short-term skill incentive pay—Aviation Officer Continuation Pay (AOCP). These two pays require fundamentally different management procedures to achieve maximum effectiveness. Understanding the relevant distinctions will be instructive in setting general criteria for future special pay adjustments.

ACIP is designed to provide a continuous pay supplement to officers involved in operational or proficiency flying duty, whether or not they are actually engaged in flight duty. The purpose of this pay is to attract and retain pilots and navigators in aviation careers. It is a permanent payment that carries no service obligation and, as long as the recipients meet basic gate requirements, will be added to their monthly pay checks for most of their careers. Thus, it is long-term compensation, something the member can count on. Because ACIP is legislated as an entitlement, the services have little flexibility in administering the pay. It serves as a permanent incentive to remain in the aviation career.

AOCP, on the other hand, is a short-term pay that is targeted to specific aviator shortages, involves an additional obligation, and is paid as a bonus over a finite period of time. Although Congress sets the maximum amount that can be offered, DoD has the flexibility to regulate the administration of the pay. It is not an entitlement; instead, it is structured more like a selective reenlistment bonus.

Reenlistment bonuses

Selective reenlistment bonuses (SRBs) give the services the flexibility to manage their short-term manning problems. Much like flight pay, SRBs have evolved over the years. Though by definition reenlistment bonuses have always been short-term incentive pays, they have changed in recent years from general incentive pays to specifically targeted, skill-related incentive pays.

Reenlistment bonuses can be traced back to the Revolutionary War, when lump-sum payments were offered as an incentive to continue in the military. These bonuses were not targeted at any particular group but, rather, at all members as a general incentive to remain on active duty. Rates were based on the number of years served. However, the Career Compensation Act of 1949 restructured the reenlistment bonus so that rates were based on the term of reenlistment rather than on the number of years already served.

In 1965, Congress established a Variable Reenlistment Bonus (VRB) for enlisted members with critical skills. This bonus was to be paid in addition to the normal reenlistment bonus, and its establishment marked the first time that the services had input in determining who would receive an additional bonus. Service flexibility was broadened further by the Armed Forces Enlisted Personnel Bonus Revision Act of 1974, which combined both bonuses and established the SRB program with a cap of \$15,000 per individual over the reenlistment period. Since then, the SRB program has been revised several times with the current ceiling

set at \$45,000. The SRB program has thus evolved from a uniform and rigid incentive pay to one that gives the services considerable discretion in meeting their manning objectives.

Results of the current adjustment process

Throughout this report, the absence of a consistent and effective method for reviewing and adjusting incentive pays has been emphasized. Prior to making recommendations to improve the current system, it will be useful to review the current process and highlight specific results of the current process for adjusting incentive pays.

The current process for adjusting special and incentive pays is not well-defined. The typical 36-month bureaucratic marathon required to staff an adjustment recommendation through the services, OSD, OMB, and Congress has been traced (Figure 3-1), and a fuller description of this process can be found at Appendix A. However, this process describes only the steps necessary to work through the bureaucracy—it does not address the timing for beginning the process. Nor does it measure the extent to which the exhausting process discourages the initiation of otherwise desirable adjustments.

Outside of the selective reenlistment bonus program, there is no established review process or standard methodology to initiate the adjustment process. Adjustments occur on an ad hoc basis. As a result, the time between adjustments has ranged between 6 and 10 years, and the adjustment amount has ranged between 10 and 180 percent. A summary of the cumulative pay adjustments for incentive pays, using 1974 as the base year, is provided in Table 4-1. For the purposes of this table, an index value of 100 is assigned both to pays that originated before 1974 and to the starting point of pays enacted after 1974. Where the base year is after 1974 but the starting year precedes 1974 (e.g., career sea pay for officers), the pay was stopped between the starting year and 1974 and reinstated in the base year.

Although the current system is cumbersome and poorly defined, it nevertheless proved to be effective in manning the forces of the 1980s. However, because of the challenges expected in the 1990s and beyond, incentive pays must become even more responsive, flexible, and cost-effective. New management practices should be developed to shorten the lead time in the adjustment process. Among these reforms, constitution of a regular review process would be most useful by providing a consistent, well-founded basis for more frequent but gradual pay adjustments and by supporting new ways to improve service flexibility.

Table 4-1. Cumulative Change in Incentive Pays 1974-1991

Pay Title	Pers Type	Primary User	Fiscal Year																	Starting Year
			1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	
Flight (crew member)	E	All	100							125	X							196	1914	
Flight (crew member)	O	All																100	1913	
Flight (crew member)	W	All																100	1913	
Flight (air weapons control officer)	O	AF								100									1982	
Aviation career	O	All	100					125											1974	
Aviation career officers extending active duty	O	All						100			X							X	1981	
Special duty assignment pay	E	All	100									183							1958	
Extending overseas	E	All						100										160	1981	
Foreign language proficiency	E	All																100	1987	
Foreign language proficiency	O	All																100	1987	
Reenlistment bonus	E	All	100					133										200	1791	
Army enlistment bonus	E	Army						100											1981	
Enlistment bonus	E	All	100					267											1791	
Dental officers board certified pay	O	All																100	1986	
Dental officers variable special pay	O	All																100	1986	
Dental officers additional special pay	O	All																100	1986	
Medical officers board certified pay	O	All						100											1980	
Medical officers variable special pay	O	All						100											123	
Medical officers additional special pay	O	All						100											130	
Medical officers incentive special pay	O	All						100											158	
Optometrists regular special pay	O	All						100											200	
Psychologists special pay	O	All						100											275	
Veterinarians special pay	O	All						100											1980	
Nurse anesthetists special pay	O	All						100											1990	
Accession bonus for registered nurses	O	All																	1980	
Nuclear career incentive bonus	O	Navy			100					150								250	1976	
Nuclear qualified officers extending active duty	O	Navy	100		133					187								320	1969	
Nuclear career extension bonus	O	Navy			100													267	1976	
Engineering and scientific career continuation pay	O	AF								100									1981	
Diving duty pay	E	Navy	100							273									1886	
Diving duty pay	O	Navy	100							182									1936	
Career sea pay	E	Navy	100																1942	
Career sea pay	O	Navy							X										1835	
Career sea pay	W	Navy								100									1942	
Submarine duty pay	E	Navy	100							110									1901	
Submarine duty pay	O	Navy	100							180									1928	
Basic pay		All	100	105	109	116	122	130	130	146	167	173	173	180	187	193	199	203	211	219
Basic allowance for quarters		All	100	105	116	129	136	146	146	163	186	193	193	201	209	215	222	226	242	251
Basic allowance for subsistence		All	100	105	110	118	124	133	146	163	187	194	194	202	210	216	223	227	237	245

Notes: E = Enlisted, O = Officer, W = Warrant Officer; X = Increases for certain grades or YOS groups only; 1974 or Starting Year = 100
 Source: Economic Systems, Inc., *Development of a Cost-Benefit Methodology for Incentive Pays*, September 10, 1991.

MANAGEMENT OF INCENTIVE PAYS

This section reviews the ways in which incentive pays relate to other elements of cash compensation and then suggests basic guidelines for the management of both categories of incentive pays.

Relationship to total cash compensation

Basic pay and allowances represent 95 percent of the cash compensation provided to service members, regardless of skill levels. The remaining 5 percent is provided in the form of special and incentive pays, as shown in Figure 4-1.

Although special and incentive pays make up a small percentage of total cash compensation, they do affect a large segment of the military population. Table 4-2 compares the distribution of special and incentive pays by service.

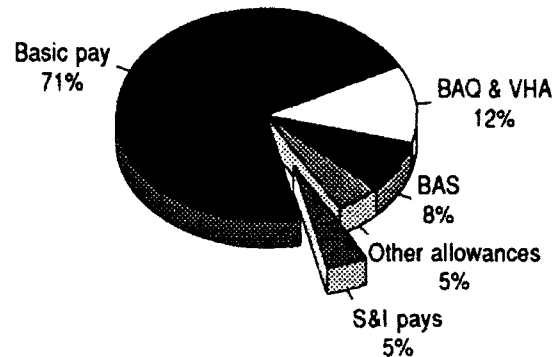


Figure 4-1. S&I Pays as a Percentage of Cash Compensation

Table 4-2. S&I Pay Data by Service

Category	DoD	USA	USN	USMC	USAF	USCG
S&I pays as a percentage of total cash compensation	5	3	8	3	4	3
Percentage of the force drawing S&I pays	43	33	71	29	33	40

Guidelines for improved management

As a first step in defining an improved management process, the QRMC developed these basic guidelines for establishing, adjusting, and, if necessary, terminating incentive pays:

- Maintain a balance between related incentive pays
- Establish incentive pays
 - Using cost-benefit analyses to justify need
 - Giving first priority to short-term incentive pays or bonuses (skill incentive pays).

- Adjust incentive pays
 - Without indexing
 - Based on attraction and retention performance characteristics.

Maintaining balance between related incentive pays. Regular Military Compensation (RMC) is the baseline for cash compensation for all members of the armed services. This level is established to maintain a position of comparability with the civilian sector so as to attract and retain the desired force structure. However, certain occupations in the military are so arduous or demanding or require such special or scarce skills that it is necessary to offer more than RMC to compete with the civilian labor market. Long-term and short-term incentive pays provide this supplementary compensation. Figure 4-2 illustrates the relationship between incentive pays and RMC.

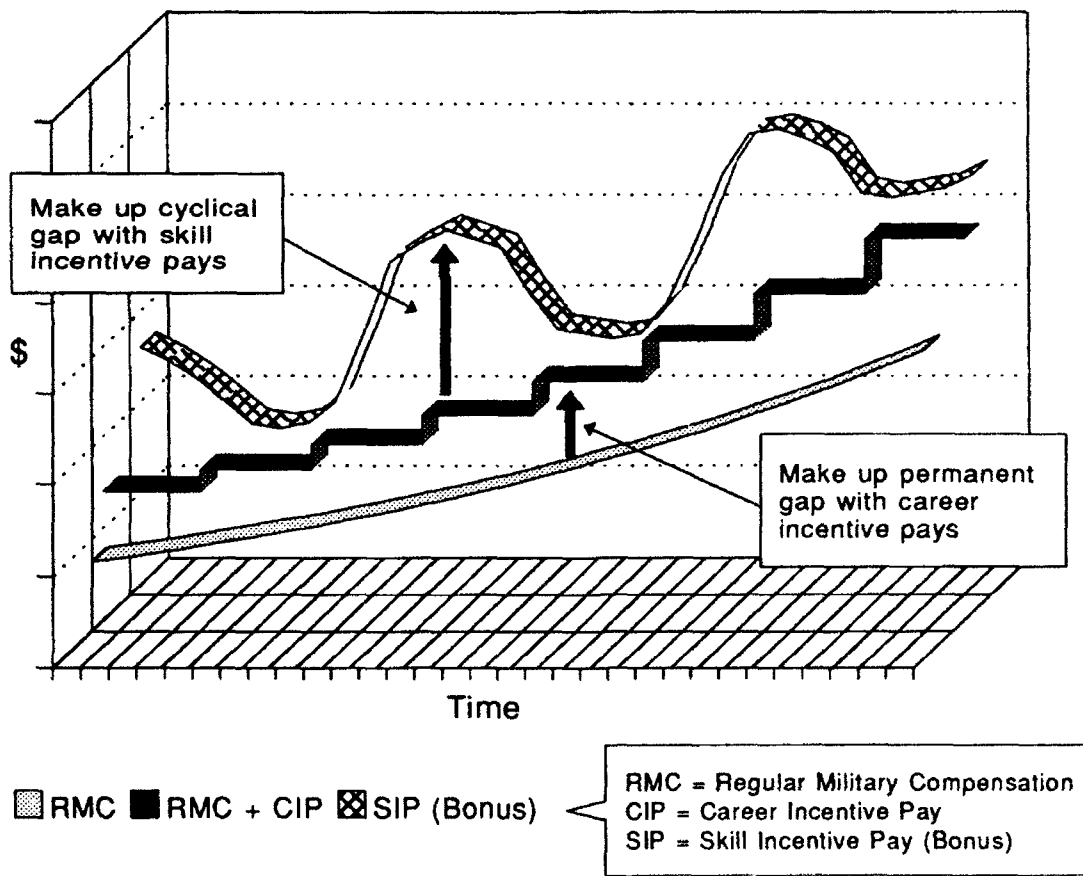


Figure 4-2. The Relationship Between Incentive Pays and Regular Military Compensation

In some skill areas, such as aviation and medicine, civilian pay levels are always substantially above the RMC level, but they are subject to significant cycles. Long-term career incentive pays should be structured to close the gap between military pay and the low end of civilian pay level cycles in these high-skill areas. Overall, military cash compensation level may never reach the civilian counterpart, but it will tend to remain competitive by providing long-term job security in career fields that face a strong draw from the civilian sector. Because civilian pay tends to be cyclic and the draw to the civilian market may vary based on employment or other economic conditions, short-term pays in the form of bonuses are best suited to meet short-term variations in the civilian market.

For example, during periods of recession or high unemployment, the airline industry competition for military pilots significantly diminishes. Long-term ACIP is sufficient to maintain aviators in the career force. However, when the economy is strong, airline hiring can serve as a direct threat to the retention of highly trained, career-oriented aviators. A short-term bonus, such as AOCB, provides the appropriate tool for dealing with this kind of fluctuating demand.

The same principle applies to compensation incentives for service in arduous or demanding career fields. For example, career sea pay is structured as a general incentive for those ratings that require a career at sea. When specific skill ratings, such as sonar technician, suffer a significant manning deficiency, a short-term bonus is most appropriate for filling specific types of positions. Maintaining a balance between both types of incentive, one to address enduring differences and one to address temporary or cyclical differences in compensation levels, is a basic requirement for managing these pays efficiently.

Establishing incentive pays. In response to a manning deficiency, the first step must be to calculate the most cost-effective remedy—whether to offer a new incentive pay to improve retention of current members or to attract more people for processing through the accession and training pipeline. This decision should be supported by a cost-benefit analysis. The framework for a cost-benefit methodology is provided later in this report.

If the cost-benefit analysis supports establishment of an incentive pay, then service planners must next decide whether to offer a short-term or long-term incentive pay. As a general rule, the QRMC favors establishment of a short-term incentive pay in the form of a capped bonus as a first step. The advantage of establishing a capped bonus is its flexibility. When the Congress sets a rate cap, rather than a fixed rate, the services can manage the pay adjustment internally below the ceiling and still stay within overall budget constraints. Service manpower planners can turn the bonus faucet on or off in response to changing conditions without the delays associated with a long adjustment process.

Some conditions may warrant establishment of a long-term career incentive pay without first trying a short-term incentive—for example, a chronic problem in manning a

specific career field or a problem relating to multiple skill areas. Furthermore, if it turns out that a short-term skill incentive pay is required year after year, it may be more cost-effective to develop a long-term pay at a lower rate.

The advantage of a long-term pay is its stability, fostering both entry and continuation in a specific career field. However, once established, a long-term pay supplement is very difficult to terminate, and the legally fixed rate, if fixed in law, gives the services little flexibility in its adjustment. Consequently, while there may be exceptions that support long-term pays, as a general guideline, the QRMC believes that short-term bonuses should be considered first.

Adjusting incentive pays. Once an incentive pay is established, a consistent, systematic, and rigorous approach should govern its adjustment. Indexing incentive pays is one such approach, with the added benefit that they would operate automatically—presumably with only oversight by DoD and Congress. Linkage to the Consumer Price Index or Military Pay Index would ensure that incentive pays maintain their value over the years. Although an index would be convenient, it would not respond to the conditions that the pays were designed to control.

The purpose of incentive pays is to influence the behavior of military personnel with regard to their propensity to enter or stay in military service. The QRMC believes, therefore, that the basis for adjusting these pays should be an assessment of the need for more or less compensation to generate the desired response by military personnel. Having concluded that indexing is an inappropriate approach to adjusting incentive pays, the QRMC then focused on the development of alternatives.

ALTERNATIVE ADJUSTMENT MECHANISMS

Maintaining the effectiveness of incentive pays requires adjustment mechanisms that are flexible enough to respond to changing behavioral patterns within the labor force, timely enough to be cost-effective given limited resources, and acceptable to DoD and Congress. Mechanisms for adjusting incentive pays that meet these criteria are outlined below.

Cost-benefit methodology

In the current system, adjustments generally occur only after a critical manning deficiency develops. Consequently, the time between adjustments is long (six to ten years); and, when made, they tend to be substantial. A valid cost-benefit methodology could speed the process by pinpointing the optimal adjustment level and supplying an objective, credible justification to OMB and the Congress. The QRMC believes that development of such a methodology would be a sound investment, paying for itself in savings over the existing system.

The QRMC developed the conceptual framework for a cost-benefit modeling effort. Further detail can be found in a report on this issue prepared for the QRMC by Economic Systems, Inc.¹

As the name implies, a cost-benefit analysis weighs the projected cost of an action against its expected payoff. Simple as this sounds in theory, quantifying costs versus outcomes in practice requires very sophisticated modeling techniques. Nevertheless, the QRMC believes that only the direct application of cost-benefit methodology can resolve the question as to whether it is more efficient to retain the needed numbers of a given cohort or to replace them with new accessions. Thus, decision makers would be able to compare retention against replacement costs.

The retention side of the ledger must include the cost of establishing or adjusting an incentive pay and future training costs, as well as the special pays associated with retaining more of the current cohort. The replacement figure must take into account acquisition costs, life-cycle training costs, and inventory costs associated with new accessions. In either case, pay elasticities would be determined—i.e., the responsiveness of members and potential members in various replacement or retention scenarios per level of inducement. The more effective a given incentive pay is in improving recruiting or retention, the greater the potential for achieving administrative cost savings from a single-shot pay adjustment. If the results of the cost-benefit analysis support establishing or increasing an incentive pay, then the next determination should be whether to use a career incentive or skill incentive pay.

This type of analysis is not without precedent. For example, in February of 1980, the Center for Naval Analyses developed a cost-benefit model to compare an aviation bonus with aviation career incentive pay (ACIP). In that particular instance, the results supported establishing a bonus over increasing ACIP. Further research will be required to develop and refine the many models required to support this concept. The QRMC recommends that DoD continue to underwrite this line of research to improve the management of incentive pays.

Increasing service flexibility

Career incentive pays are structured to guarantee stability throughout the span of a career. As a result, the adjustment of these pays can safely ignore short-term influences, and the frequency of adjustment can be correspondingly relaxed. Therefore, the current system seems sufficient to respond to long-term problems.

In contrast, skill incentive pays are structured as short-term pays that are designed to respond to temporary or cyclical manning deficiencies. As a result, they should be flexible, responsive to short-term influences, and designed to be adjusted when a problem develops. The most serious deficiency in the current 36-month adjustment process is that it precludes

¹Economic Systems, Inc., *Analysis of Incentive Pays: Development of a Cost-Benefit Methodology* (Springfield, VA: Economic Systems, Inc., 1991).

responses to short-term problems. The QRMC concluded that increased service flexibility in adjusting skill incentive pays is justified on grounds of effectiveness.

The skill incentive pays can be sorted into four subcategories based on whether they affect accession or retention problems and whether they are paid to enlisted or officer members. Table 4-3 depicts the skill incentive pays in such a matrix. The shaded pays are designated specifically for the reserve components. Under the current system, the services enjoy a great deal of flexibility in allocating the Selective Reenlistment Bonus (SRB), which has proven to be successful in building the high-quality force of the 1980s. For this reason, the QRMC strongly supports the SRB program as a prototype for the adjustment of officer skill incentive pays.

Table 4-3. Officer and Enlisted Skill Incentive Pay Groups

	Enlisted	Officer
Accession	<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">Enlistment bonus Army enlistment bonus</p> <div style="background-color: #cccccc; padding: 2px;"> <p style="text-align: center;">Bonus for reserve affiliation Enlistment bonus-Ready Reserve Enlistment bonus-Selected Reserve Prior-service enlistment bonus</p> </div> </div>	<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">Nuclear career accession bonus RN Accession bonus</p> </div>
Retention	<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">Selective reenlistment bonus Nuclear qualified enlisted members</p> <div style="background-color: #cccccc; padding: 2px;"> <p style="text-align: center;">Reenlistment bonus-Ready Reserve Reenlistment bonus-Selected Reserve</p> </div> </div>	<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">Aviation career officers extending active duty Nuclear qualified officers extending active duty Nuclear career annual incentive bonus Engineering & scientific career continuation Acquisition corps continuation bonus</p> <p style="text-align: center;">Medical officers multi-year retention bonus Medical officers additional special pay Medical officers incentive special pay Dental officers additional special pay Optometrists retention special pay Nurse anesthetists special pay</p> </div>

Reserve Pays

Adjusting enlisted skill incentive pays

The SRB program allows the services to determine which skills require a bonus and its size within broader control measures established in law. Although Congress retains control of the total SRB budget and establishes the maximum incentive that a member can receive, the services may shape their forces by designating bonuses that address changes in supply and demand across the various military skill fields.

The SRBs can be targeted to a high degree by specifying tightly defined skill identifiers or qualifications. The criteria for designating a skill to receive an SRB are listed in DOD Instruction 1304.22 as:

- Serious undermanning in three or more adjacent years
- Chronic and persistent shortages in total career manning
- High replacement costs
- Relatively unattractive skills
- Skills essential to accomplish the defense mission.

Candidate skills are further subdivided into three *zones* of eligibility so that different rates can be provided at different career points: continuous active duty between at least 21 months and not more than 6 years (Zone A), at least 6 but not more than 10 years (Zone B), and at least 10 but not more than 14 years (Zone C). Most bonuses are offered in Zones A and B.

The amount of the SRB is determined by multiplying the individual's monthly basic pay times the number of years of the reenlistment obligation (3-6 years) times a "multiple" between 1 and 10. Because the multiple is determined by the service, this formula, in effect, allows each service to adjust its SRB rate. Half the bonus is usually paid at the time of reenlistment (although the law allows up to 75 percent) with the remainder being paid in equal annual installments over the reenlistment period.

Normally, the skills and multiples are reviewed quarterly, or at least semiannually, and adjusted if required. Because the total pool of SRB funding is limited by the service SRB budgets, decisions must be made on how to allocate available funds most efficiently to achieve enlisted personnel retention objectives.

Adjusting officer skill incentive pays

In contrast, each officer skill incentive pay targets a single skill and is mandated by law, which significantly reduces the services' ability to react to changing personnel supply and demand. When a retention problem emerges in a skill area, it may take years to enact a law to provide a new incentive pay to resolve it. This time lag can result in the loss of officers who hold the particular critical skill. Even when an incentive pay exists for the critical skill, if the rate is too low, the lengthy process for increasing it can cause similar losses. Finally, the system of multiple, single-skill pays prevents the services from shifting money to skills where the incentives are most needed.

A more efficient method of managing skill incentive pays for officer retention would be to adopt a system akin to the successful selective reenlistment bonus program. This would entail creation of a single bonus program that would encompass the existing officer retention skill incentive pays as well as future requirements for officer reenlistment bonuses.

Table 4-4. Comparison of Management Methods for Officer Skill Incentive Pays

Skill Incentive Pay	Obligation	Cap	Zone	FY 1990 \$M	FY 1993 \$M
Aviation Officers Continuation Pay	1 or 14 YOS	12K	6-13 YOS <06	\$71.60	\$89.49
Nuclear Officers Extending AD	3 to 5	12K	IADO-06	\$29.30	\$31.44
Nuclear Annual Incentive Pay	1	10K	IADO-06	.	.
Engineering & Science Continuation	1 to 4	3K	3-19 YOS <07	\$0.00	\$0.00
Acquisition Corps Officers Extending AD	1	15% BP	20+ YOS	\$0.00	?
Dental Officers Additional Special Pay	1	6/8/10K Fixed	Post-residency	\$24.70	\$23.69
Optometrists Retention Special Pay	1	6K	IADO*	\$0.00	?
Nurse Anesthetists Special Pay	1	6K	None	\$3.30	\$4.11
Medical Officers Special Incentive Pay	2 to 4	14K	IADO <07	\$39.60	\$46.60
Medical Officers Special Incentive Pay	1	16/22/29/36K	Post-Residency	\$38.30	\$98.44
Medical Officers Additional Special Pay	1	15K Fixed	Post-Residency	\$154.30	\$160.94
Officer Bonus Summary	1	3 to 15K	Varies by Skill	\$128.90	\$148.73
Selective Retention Bonus	3 to 6	45K	21 Mo.--14 YOS	\$484.30	\$471.56

Medical pays excluded

IADO = Initial Active Duty Obligation

Table 4-4 compares the management of officer retention skill incentives with that of the enlisted SRB program. Each officer retention skill incentive pay is listed separately and summarized in a general category. The three incentive pays authorized for medical officers were excluded in the summary of the officer pays. These medical incentive pays should be retained as separate pays because their rates are so much higher than is needed to attract officers with other skills.

A single, consolidated officer retention bonus program could be devised for single-year and multiple-year service obligations at rates that are based on the length of the obligation (rather than having a formula using a multiple) and a more specific zone of eligibility based on years of service (rather than three broad zones). Table 4-5 shows who would have the authority or responsibility for monitoring and changing the management criteria.

Table 4-5. Officer Retention Bonus Management

Characteristics	Current Officer Bonuses	Officer Retention Bonus*	Selective Reenlistment Bonus
Basic Authority	In Law	In Law	In Law
Skill Determination	In Law	By Service	By Service
Obligation Requirement	Varies by Skill in Law	By Services in DoDI	3-6 Years
Rates	Varies by Skill in Law	By Services in DoDI	By Services by Multiple
Rate Change Approval	By Congress	By Service	By Service
Rate Change Frequency	As Justified to Congress	Quarterly or as Required	Quarterly or as Required
Cap Level	3 to 15K	15K	45K
Report Requirements	Varies	To Congress and DoD	To DoD

*Three Medical Officer Bonuses Excluded: Additional Special Pay, Special Incentive Pay, and Multi-year Extension Bonus

The benefits of adopting a single, consolidated officer retention bonus program are as follows:

- The services would have the flexibility to determine rates and zones within budget constraints and bonus-capped amounts.
- The services could offer incentives quickly for new critical skills without creating new laws.
- The relatively small amounts needed for the program budget could be efficiently adjusted so that the services could best shape their forces.
- The bonus system structure would be simplified, and there would be fewer individual pays to administer.
- Congress would maintain overall control by providing the total budget amounts and setting individual incentive pay caps.

The QRMC concludes that establishing a single officer retention bonus program (excluding medical), modeled after the SRB, would provide the services equal flexibility, efficiency, and effectiveness in meeting officer management goals. Of interest, the 1978 President's Commission on Military Compensation (PCMC) also recommended consolidating officer special and incentive pays into one bonus system.²

Periodic review

In addition to applying a cost-benefit methodology and increasing service flexibility, regularly scheduled reviews of incentive pays should be undertaken to reduce the long periods between adjustments and to sponsor the development of cost-benefit methodology within DoD. Therefore, the QRMC proposes that a DoD Incentive Pay Review Committee be established to conduct an annual review of incentive pays. A notional review process is displayed in Figure 4-3.

The focal point of the process would be the DoD Incentive Pay Review Committee, which would direct and coordinate incentive pay analyses performed by the services, review results, and formulate service-coordinated proposals for input to the PPBS process. In addition, the committee would act as the DoD proponent for the implementation of cost-benefit modeling methodologies for incentive pays. The Defense Manpower Data Center (DMDC) would assure timely update of the incentive pay databases extracted from standard DMDC and service databases to feed DoD and service-level cost-benefit models. Table 4-6 lists the general categories and subcategories of data that should be maintained by the DMDC in support of the DoD incentive pay review process.

²President's Commission on Military Compensation (Zwick Commission), *Report of the President's Commission on Military Compensation* (Washington, 1978), 131-132.

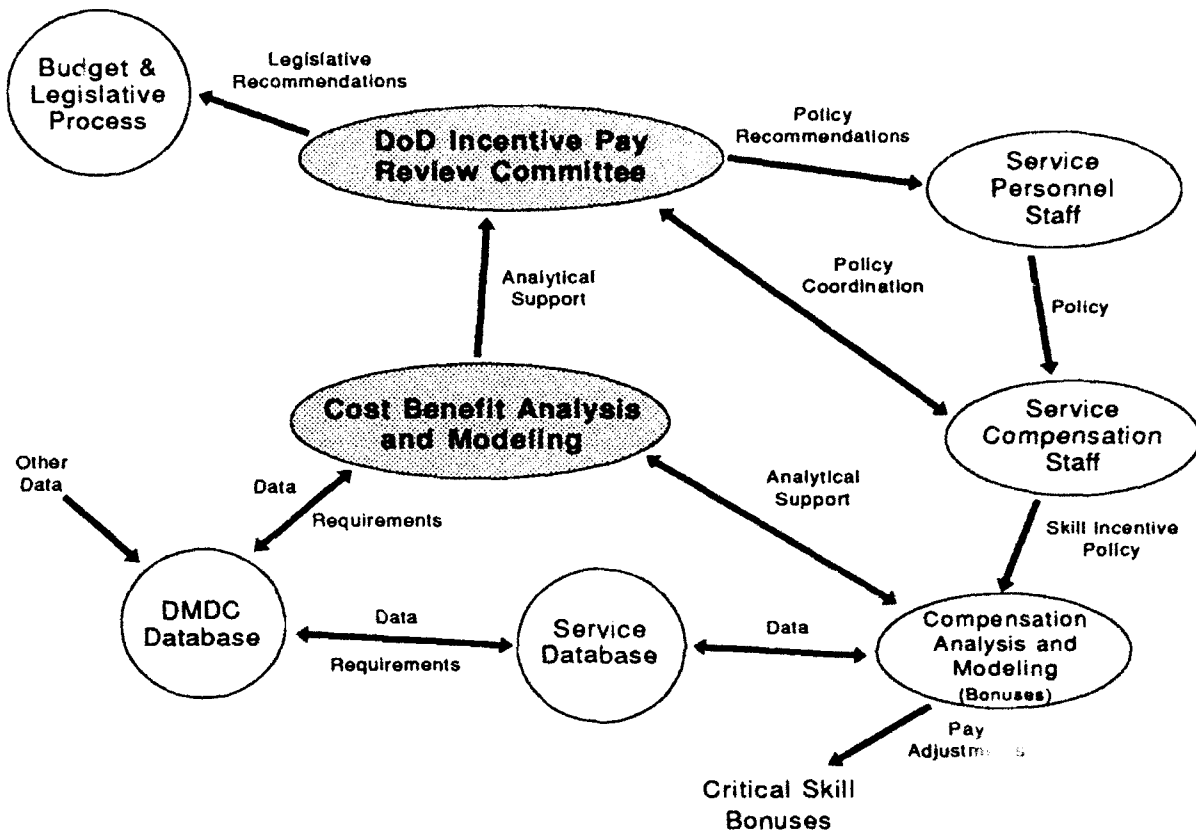


Figure 4-3. Notional Incentive Pay Review Process

Table 4-6. Incentive Pay Review Data to Be Maintained by DMDC

Incentive Pay General Data Requirements	
Personnel Inventory <ul style="list-style-type: none"> • Manning • Retention • Assigned • Survival • Pay Elasticity 	Incentive Pay <ul style="list-style-type: none"> • Criteria • Rates • Caps • Populations • Costs
Military Pay and Allowances <ul style="list-style-type: none"> • Basic pay • Regular military compensation • Other 	Civilian Labor Market <ul style="list-style-type: none"> • Demand • Supply • Wages
Accession <ul style="list-style-type: none"> • Rates • Costs 	Training Course <ul style="list-style-type: none"> • Description • Production • Cost
Occupational Classification	Support Costs

CONCLUSIONS

The QRMC determined that there are two distinct categories of special and incentive pays—recognition pay for hazardous duty and incentive pays. Incentive pays are structured to attract and retain members of the uniformed services; and, therefore, the process used to adjust these pays must be made more responsive to changing manpower requirements.

The current system for adjusting incentive pays is cumbersome and poorly defined, taking as long as 36 months to move through the bureaucratic process. The QRMC found no established methodology that provides a logical rationale for the adjustment of special and incentive pays. Because there is no formal review process, adjustments take place only every 6 to 10 years, and have varied in size between 10 and 180 percent.

The QRMC has concluded that there is a need to define incentive pays, establish guidelines for their management, and develop adjustment mechanisms that will ensure that incentive pays remain responsive to manpower requirements. Specific actions required are embodied in the following recommendations.

RECOMMENDATIONS FOR ADJUSTING INCENTIVE PAYS

The 7th QRMC recommends:

- *Using the Selective Reenlistment Bonus (SRB) Program as a model to develop an officer continuation bonus for nonmedical specialties.*
- *Developing cost-benefit models to assist management decisions on the adjustment of incentive pays.*
- *Establishing an Incentive Pay Review Committee to perform an annual review of incentive pays, promote cost-benefit modeling, and ensure consistency and timeliness of compensation adjustments.*

SPECIAL AND INCENTIVE PAYS

CHAPTER 5—ADJUSTMENT OF HAZARDOUS DUTY PAYS

OVERVIEW

This section focuses on adjustment of hazardous duty pays. The first step will be to describe the category. Then, as a basis for understanding management problems within the category, pertinent historical aspects are discussed, including changes in purpose, rates, and utilization patterns. Next, the QRMC method of analysis and the alternatives derived from the results are elaborated. Finally, the QRMC conclusions and a recommendation for a systematic adjustment mechanism are presented.

DESCRIPTION OF HAZARDOUS DUTY PAYS

Hazardous duty pays (HDPs) recognize military personnel who routinely perform jobs that are potentially dangerous to the members' life or health. Society, through Congress, has supported the payment of HDPs over the last century based on the principle that certain military tasks are clearly hazardous and warrant additional compensation. However, because these pays were usually established without provision for periodic adjustment, their value—and hence the underlying recognition of the military member—has eroded in relation to other elements of compensation. Figure 5-1 shows that hazardous duty pays are by far the smallest of the three categories of special and incentive pays in terms of their annual cost to the Department of Defense. The fiscal year 1990 portion shown for the hazardous duty pay category is typical of the six or seven percent range experienced in recent years. This category includes:

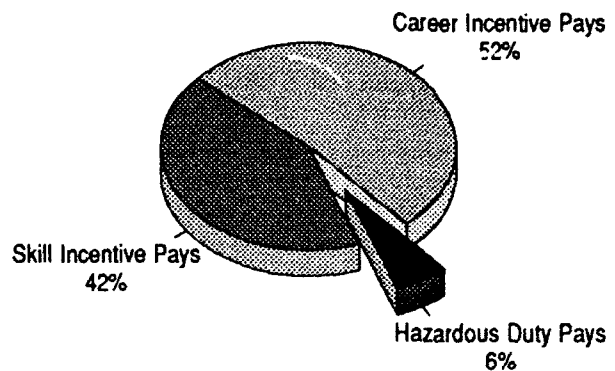


Figure 5-1. S&I Pays--FY 1990 Cost

- Parachute pay including parachute jumping at a high altitude with a low opening (HALO)
- Hostile fire or imminent danger pay
- Flight deck duty pay
- Flight pay (non-crewmember)

- Demolition duty pay
- Pressure chamber duty pay
- Acceleration or deceleration duty pay
- Toxic pesticide, viral, or bacterial exposure pay
- Toxic fuels or chemical munitions exposure pay
- Thermal stress duty pay.

As previously discussed, the QRMC found four other pays (flight pay for crewmembers, flight pay for air weapons controllers, aviation career incentive pay, and diving duty) that contain a hazardous element but have evolved and are now structured as incentive pays. Therefore, they are excluded from the above list.

HISTORICAL REVIEW

A complete history of each S&I pay can be found in *Military Compensation Background Papers*,¹ which reports that hazard-related pays have been in use since 1886. Since then, the purposes of such pays have been described variously as a means of inducing members to enter upon or remain in a hazardous duty, as supplemental compensation for the more than normally dangerous character of the related duty, or as a combination of these two purposes. This section highlights only the development of those pays whose primary purpose today is recognition for the performance of hazardous duty.

Navy Department General Order No. 346 of April 20, 1886 established an extra pay of \$1.20 per hour for underwater diving. Although diving duty pay evolved into a career incentive pay, it was first developed in recognition of the hazardous nature of underwater diving.² Over the next 50 years, many new pays were created based on the performance of hazardous duty including flight pay, submarine pay, parachute pay, and combat pay, to name just a few.

The various hazardous duty pays were established independently and without specifying a consistent method for their adjustment. Actual adjustments have been few, usually coming after long periods of neglect. Rather than trace each pay from initial development to the present, an overview of rate changes is provided, using 1949 as a baseline, for those pays that have been categorized by the QRMC as hazardous duty pays. As an adjunct to this discussion, the history of hostile fire pay is traced because it has been adjusted separately from other hazardous duty pays.

¹Department of Defense, Office of the Secretary of Defense, *Military Compensation Background Papers*, 3d ed. (Washington, 1987), Chapter II, Subsection D, Special and Incentive Pays.

²*Ibid.*, 247-250.

Hazardous duty pay rate adjustment

Prior to 1949, hazardous duty pay rates were set as a percentage of base pay with a separate rate (percentage of base pay) for each duty pay. As the base pay rate changed, a proportional change was made in each hazardous duty pay rate. The Career Compensation Act of 1949 was the first effort to standardize the rate for hazardous duty pays. Except for crew member flight pay and submarine duty pay, the rates for which varied by grade, hazardous duty pay rates were established at \$50 per month for enlisted personnel and \$100 per month for officers.³

By 1949, four of the ten hazardous duty pays that exist today were established: flight pay (non-crewmember), parachute pay, demolition duty pay, and hostile fire pay. Other hazardous duty pays included in the Career Compensation Act of 1949, such as leprosy exposure and glider pay, were subsequently terminated.

With the exception noted in the first paragraph above, the Career Incentive Act of 1955 raised hazardous duty pay rates to \$55 for enlisted members and to \$110 for officers.⁴ This was the last time that the hazardous duty pay rate for officers was adjusted. Over the next 20 years, the remaining hazardous duty pays (flight deck, pressure chamber, acceleration or deceleration, thermal stress, toxic fuel, and toxic pesticides) were established and set at the 1955 rates.

Again, except for crew member flight pay and submarine duty pay, the Uniformed Services Pay Act of 1981 increased the enlisted hazardous duty pay rate from \$55 to \$83.⁵ The Senate language accompanying the pay increase highlighted the fact that hazardous duty pay rates had "not been adjusted in over 20 years. . . ."⁶ The most recent adjustment of hazardous duty pay rates came in the 1986 DoD Authorization Act, which equalized officer and enlisted hazardous duty pay rates at \$110.⁷ This proposal had been made the preceding year in response to recommendations of the 5th QRMC. In support of its recommendations, the Senate Committee on Armed Services stated:

The Fifth Quadrennial Review of Military Compensation (QRMC) examined special and incentive pays in great detail. One of its conclusions was that the differential between enlisted and officer rates for seven hazardous duty incentive pays should be eliminated.

³Public Law 81-351, 63 Stat. 810.

⁴Public Law 84-20, 69 Stat. 21.

⁵Public Law 97-60, 95 Stat. 993.

⁶Senate Report No. 97-146, 8, 97th Cong., 1st Sess.

⁷Public Law 99-145, 99 Stat. 648.

The committee agrees that enlisted and officer personnel should be paid the same incentive for exposing themselves to similar hazards. Therefore, it recommends that the rates for these seven hazardous duty pays be changed to entitle both enlisted and officer personnel to \$110 per month.⁸

Hostile fire or imminent danger pay

In 1944, badge pay (\$10 per month) was established as a recognition pay for combat duty.⁹ As this pay evolved, it was structured like other hazardous duty pays. The Combat Duty Pay Act of 1952 authorized combat pay retroactive to June 1, 1950 to include the Korean War.¹⁰ Although combat pay was classified as a special pay, the recommended rates were the same as those for hazardous duty pays—\$50 for enlisted and \$100 for officer members. In fact, however, this Act set them at a single rate of \$45 for both groups.

During the Vietnam conflict, the Uniformed Services Pay Act of 1963 replaced combat pay with hostile fire pay and set the rate at \$55 both for officers and enlisted members.¹¹ This rate was selected because it was the lowest at which other hazardous duty pays were paid. In August of 1965, hostile fire pay was raised from \$55 to \$65.¹² This raise was justified as part of a general increase in the level of military pay. In 1983, hostile fire pay was redefined by the Department of Defense Authorization Act of 1984 to include imminent danger pay for duty in foreign areas that had a high terrorist threat (Lebanon and El Salvador).¹³

The 1986 DoD Authorization Act adjusted hostile fire or imminent danger pay to \$110 and based the rate on "the lowest rate for hazardous duty pay."¹⁴ In April of 1991, the Persian Gulf Supplemental Authorization and Personnel Benefits Act increased hostile fire or imminent danger pay from \$110 to \$150, effective 1 August 1990 until 180 days after the termination of hostilities.¹⁵ The Defense Authorization Act for Fiscal Years 1992 and 1993, permanently increased the rate to \$150.

⁸Senate Report No. 98-500, 210, 98th Cong., 2d Sess.

⁹Public Law 78-393, 58 Stat. 648.

¹⁰Public Law 82-488, 66 Stat. 538.

¹¹Public Law 88-132, 77 Stat. 216.

¹²Public Law 89-132, 79 Stat. 547.

¹³Public Law 98-94, 97 Stat. 637.

¹⁴Public Law 99-145, 99 Stat. 649.

¹⁵Public Law 102-25, 105 Stat. 80.

Figure 5-2 summarizes the rate adjustments of hazardous duty pays and hostile fire or imminent danger pay. The history of hazardous duty pay rate adjustments clearly indicates the inconsistencies in the adjustment process. In some cases, pays were not adjusted for as long as 20 years. Once a decision was made to adjust the pays, the record shows no objective basis for the particular adjustment that was enacted. Hazardous duty pays were last adjusted in 1986. During Operation Desert Storm, Congress focused on the perceived inadequacy of hostile fire or imminent danger pay and established a precedent for raising the level of hazardous duty pays.

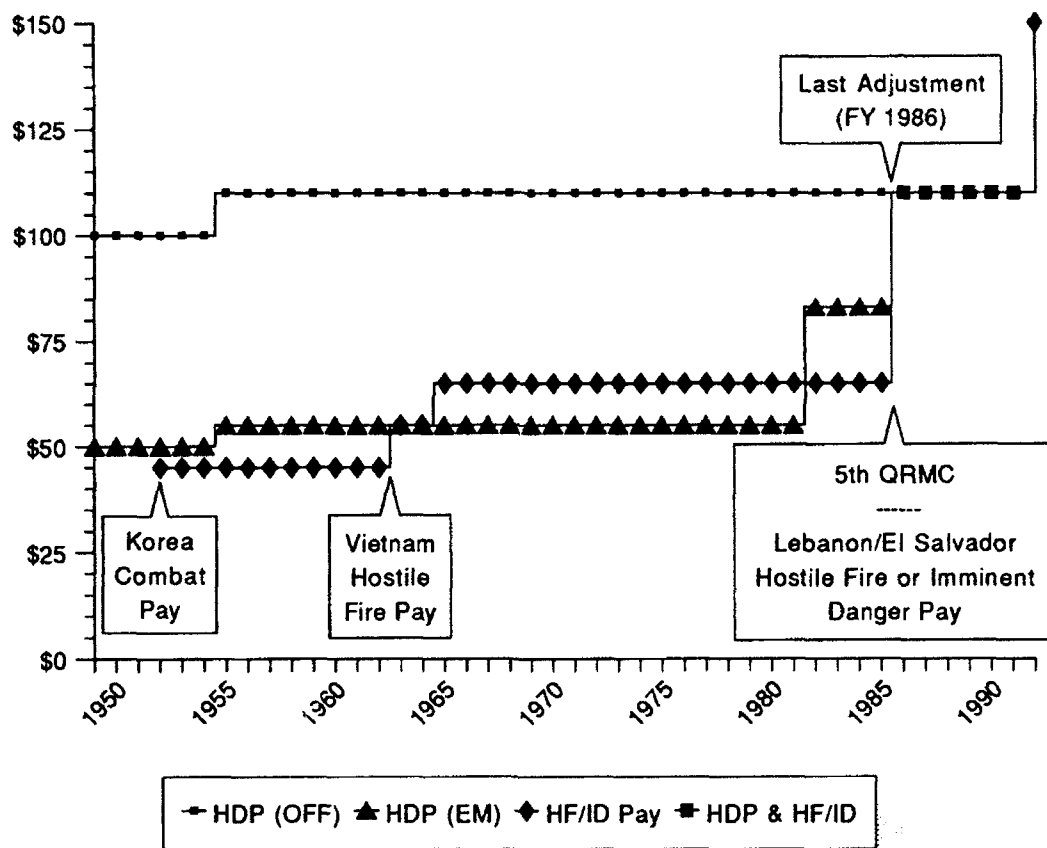


Figure 5-2. History of Hazardous Duty Pay Rates

METHOD OF ANALYSIS

Logic tree

The first step in the QRMC analysis was to develop a logic tree to address the theoretical questions associated with hazardous duty pays (see Figure 5-3). Given that hazardous duty pays represent a token recognition based on a moral judgment, what is the right amount to pay? Even more fundamental, and the focus of a policy decision, is the question of whether or not to pay them at all. If not, then the solution would be to terminate them. If, on the other hand, there is continued support for the moral obligation to pay them, an appropriate level should be determined and a method of periodic adjustment ought to be devised.

The 7th QRMC supports the moral judgment of society to pay hazardous duty pays. This position is strengthened by the recent precedent established during Operation Desert Storm, when Congress increased hostile fire or imminent danger pay from the current rate of \$110 to \$150. The 7th QRMC has concluded, as did the 5th QRMC and the Congress, that hazardous duty pays are warranted and that \$110 was an acceptable level as of 1986. If policy makers decide that recognition pays for hazardous duty should maintain their value over the years, as the Congress decided during Desert Storm, then it becomes necessary to devise an adjustment mechanism to prevent future erosion.

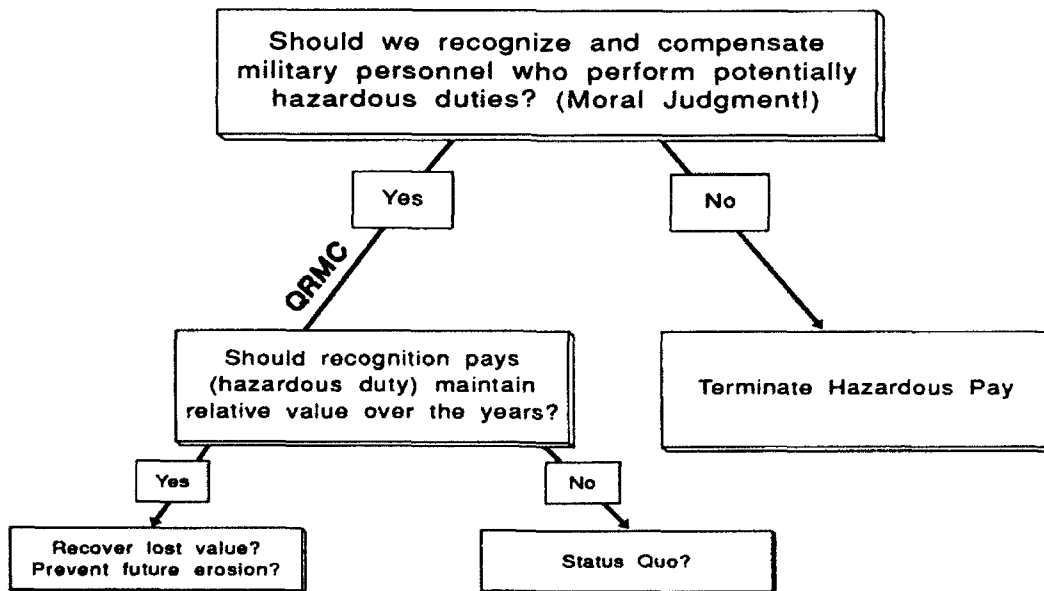


Figure 5-3. Hazardous Duty Pay Decision Logic Tree

Current value

The next step in the analysis was to determine the current value of hazardous duty pays. Hazardous duty pay rates were last updated in 1986, when both officer and enlisted rates were set at \$110. This value was compared to the military pay increases since fiscal year 1986. As indicated in the Figure 5-4, the relative value of hazardous duty pays has decreased from \$110 to \$92 in fiscal year 1991 (measured against the 1986 baseline) and will reach \$84.64 by fiscal year 1993. As a point of interest, the officer hazardous duty pay rate was set at \$110 in 1955 and has not been changed since that date. By the same index, officer hazardous duty pays have eroded to a relative value of \$13.14.

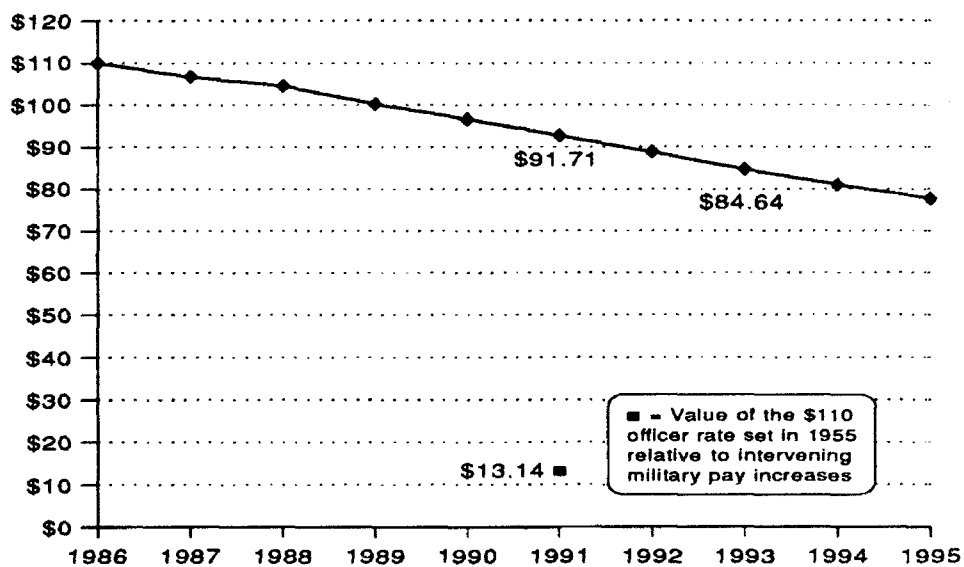


Figure 5-4. Value of Hazardous Duty Pays Relative to Military Pay Increases since 1986

Future value

Given acceptance of the basic principle that hazardous duty pays should maintain their relative value over time, then a logical method is needed to accomplish that objective. Two mechanisms seemed appropriate: a periodic review or an annual indexed increase. In either case, a suitable index for comparison must be found.

The QRMCM considered two candidates: the consumer price index (CPI) and an index of military pay increases (MPI). If the hazardous duty pay rate were tied to the CPI, it would maintain its purchasing power and keep pace with inflation. However, because the annual military pay raise is normally based on relative wage growth of the civilian sector and not the CPI, hazardous duty pays might rise at a different rate than other military pays. The

QRMC therefore concluded that it would be more appropriate for hazardous duty pay increases to follow the MPI to keep them aligned with other cash elements of military compensation.

Figure 5-5 shows the hazardous duty pay rate had it been indexed to military pay increases beginning in 1986 (sloped line) compared with the actual and projected value of hostile fire or imminent danger pay (stepped line). The figure indicates that, by fiscal year 1994, an indexed hazardous duty pay rate would reach \$150, which is, coincidentally, the same rate recently authorized by the Congress for hostile fire or imminent danger pay.

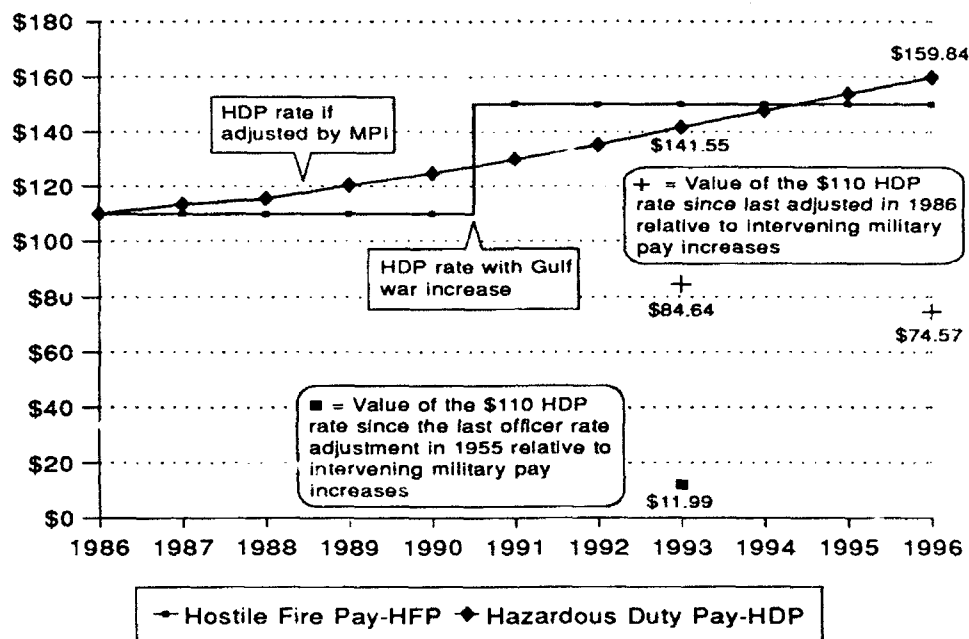


Figure 5-5. Projected Value of Hazardous Duty Pays If Indexed to Military Pay Increases

ALTERNATIVES

The following alternatives were considered by the QRMC for adjusting hazardous duty pays:

A. Status quo (base case)

Action: Retain hazardous duty pays at \$110.

Evaluation: The advantage of this option is that additional funding would not be required. The obvious disadvantage is that the value of the hazardous duty pays would continue to erode, undermining the proposition that hazardous duty pays, once established, should maintain their value.

B. Automatic index

Action: propose fiscal year 1994 legislation that would automatically index hazardous duty pays to the annual military pay increase.

Evaluation: Hazardous duty pays would grow at a rate consistent with other basic pay-related compensation elements. This alternative would maintain relative value for the future, but would fail to recover value lost since the last adjustment in 1986. An automatic index would avoid a yearly justification process, but would contribute nothing to service budget flexibility.

C. Recover value, automatic index

Action: Propose fiscal year 1994 legislation that would increase the hazardous duty pay rate to \$150 (based on MPI since 1986) and automatically index it to future military pay increases.

Evaluation: This would recover the lost value of hazardous duty pays since 1986 and would establish an automatic adjustment mechanism to prevent future erosion. This option would be the most costly among the alternatives considered.

D. Recover value, periodic review

Action: Propose fiscal year 1994 legislation that would increase the hazardous duty pay rate to \$150 and then require DoD to review the rate every four years.

Evaluation: This would recover the lost value of hazardous duty pays since 1986 and encourage service participation in the quadrennial review.

The \$150 rate in alternatives C and D matches the new rate recently authorized by the Congress for hostile fire or imminent danger pay, and it would thus provide a convenient, single rate for all hazardous duty pays. Although the Congress arrived at its new rate by using CPI projections, the \$150 amount also happens to match the QRMC's MPI-based projection for 1994, and it is therefore a reasonably close approximation of lost value based on either the CPI or MPI. Figure 5-6 projects the incremental costs in fiscal year 1991 dollars for Alternative D.

CONCLUSIONS

The 7th QRMC supports the concept of maintaining the value of hazardous duty pays. Therefore, the first priority is to recover the lost value of hazardous duty pays since the last adjustment in 1986. The next priority is to legislate an adjustment mechanism that will address future erosion. Alternative C accomplishes both and would be the optimal policy choice in an unconstrained fiscal environment. Given an environment of limited resources, alternative D represents a compromise that accomplishes the first priority, (the recovery of

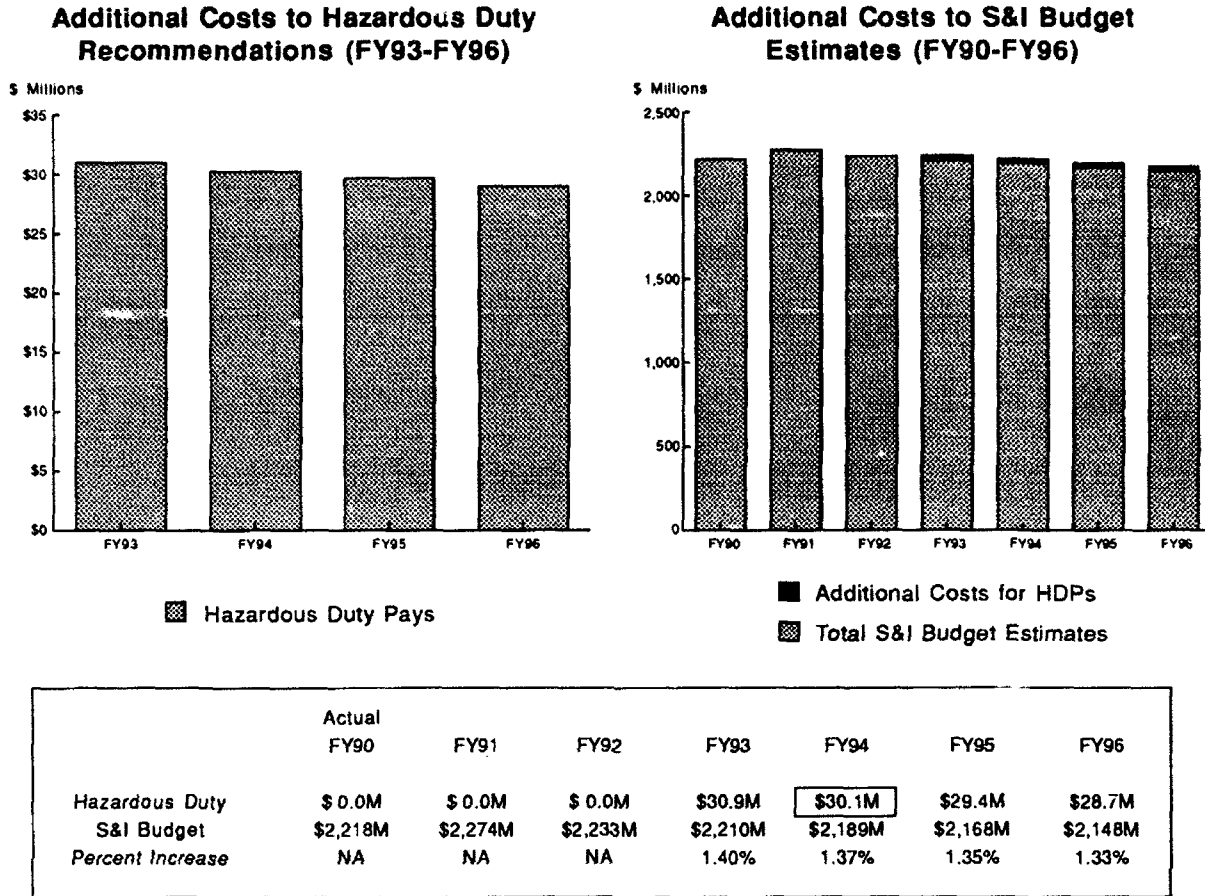


Figure 5-6. Cost Comparison for Hazardous Duty Pay Adjustment Options

lost value), ensures that all hazardous duty pay rates are the same (\$150), and also gives the services some flexibility in preventing future erosion.

American society has long supported the basic premise of compensating military personnel for the performance of hazardous duty. In some cases, hazardous duty pays have evolved to become primarily incentive pays—that is, they are now structured to attract and retain personnel who perform duties that carry a hazardous element. Such pays will have a variable rate based on supply and demand. There are, however, several pays that primarily recognize the performance of hazardous duties; these HDPs are based primarily on moral judgment rather than on financial incentive.

It is the conclusion of the 7th QRMC that hazardous duty pays, once established, should maintain their value over the years. HDPs were last adjusted in 1986, and their value has eroded when compared to military pay increases.

RECOMMENDATION FOR ADJUSTING HAZARDOUS DUTY PAYS

The 7th QRMC recommends:

- *Restoring the value of hazardous duty pay by setting the monthly payment at \$150 and reviewing the hazardous duty pay rate every four years.*

SPECIAL AND INCENTIVE PAYS

CHAPTER 6—FUTURE SIMPLIFICATION OF S&I PAYS

OVERVIEW

The current list of 55 separate S&I pays is simply too unwieldy for efficient management or for member understanding. The foregoing recommendations are necessary first steps in remedying these problems, but much remains to be done.

The 7th QRMC suggests consolidating all special and incentive pays into eight pay groups. This proposal is, admittedly, only a conceptual framework that is not yet ready for immediate implementation. Time and resource considerations precluded further development of the concept during this review. However, the QRMC strongly supports any move in the direction of decreasing the number of special and incentive pays to improve their management.

SKILL INCENTIVE PAYS

As a first step in the simplification of the skill incentive pay category, the QRMC suggests combining the existing officer retention skill incentive pays into a single officer continuation bonus similar to the current selective reenlistment bonus (SRB) program. Looking ahead, the next logical step would be the combination of all skill incentive pays into the four pay groups listed below:

- Enlistment Bonus
- Reenlistment Bonus
- Officer Accession Bonus
- Officer Continuation Bonus.

Each group could be structured like the current SRB program. That is, a cap would be enacted for each group, and the services would have the authority to direct their payment and adjust the rates within established limits. By consolidating the current 23 skill incentive pays now mandated by law into just four groups, the responsiveness, effectiveness, and efficiency of the adjustment process could be greatly improved.

CAREER INCENTIVE PAYS

Career incentive pays can also be organized into three major groups based on essential functions. First, several career incentive pays are paid only while actually performing within

a specific career field. An example is diving duty pay. This supplement is available throughout the course of a career but only when the member actually performs diving duty. Pays of this type might be combined to form a single pay group, entitled *noncontinuous career incentive pay*. A second combination of career incentive pays could be formed from those paid throughout a career whether or not the member actually performs the specific duty. An example is aviation career incentive pay. This group of pays might be combined under the title *continuous career incentive pay*. Finally, two career incentive pays are based on the location of the assigned career field—career sea pay and certain places pay. These pays might be combined into a single pay category, *sea and certain places pay*.

HAZARDOUS DUTY PAY

Hazardous duty pays are recognition pays and therefore do not require the same level of management flexibility as incentive pays. Nevertheless, combining all hazardous pays under one section of the law would be an efficient and easily supportable action that would further simplify the management of S&I pays.

CONCLUSION

The QRMC supports restructuring the current list of 55 special and incentive pays into the eight groups shown in Table 6-1. This consolidation will streamline the management of these pays and make them easier to understand. As with the first-step changes recommended by the QRMC, the payoff of such a reform will be greater flexibility for the services to target occupational specialties and quickly establish efficient rates.

Table 6-1. Special and Incentive Pay Categories

Skill Incentive Pays	
Enlistment Bonus	Officer Accession Bonus
Reenlistment Bonus	Officer Retention Bonus
Career Incentive Pays	
Continuous Career Incentive	Noncontinuous Career Incentive
Sea and Certain Places	
Hazardous Duty Pays	
Hazardous Duty Pay	

SPECIAL AND INCENTIVE PAYS

CHAPTER 7—ISSUES CONCERNING INDIVIDUAL SPECIAL AND INCENTIVE PAYS

OVERVIEW

The QRMC discovered, in the course of its analysis, a few obvious problematic cases that merit special attention. This chapter provides supplementary recommendations for dealing with them.

PAYS RECOMMENDED FOR ELIMINATION

Two special and incentive pays are not being paid to any members and will not be needed for the future. The first is special pay for members assigned to international military headquarters. There is no requirement for this pay in the military compensation system, and apparently no military member has ever drawn it. Details are at Appendix C. The second, special pay for nuclear-trained and qualified enlisted members, is outdated and has been replaced by the selective reenlistment bonus program. Details are at Appendix D.

RESTRUCTURING OF CERTAIN PLACES PAY

The QRMC found that special pay while on duty at certain places is of questionable value in its present form and should be restructured. Details are at Appendix E.

RECOMMENDATIONS

The 7th QRMC recommends:

- *Repealing provisions for special pay for members assigned to international military headquarters and for nuclear-trained and qualified enlisted members, and restructuring certain places pay.*

SPECIAL AND INCENTIVE PAYS

CHAPTER 8—SUPPLEMENTARY INFORMATION

GRAPHICAL INFORMATION

During the course of the review, the QRMC staff gathered supplementary information about special and incentive pays from the services and portrayed it in graphical format. Since this information helps define the scope and magnitude of these pays and may not be readily available to the reader from other sources, it has been included at Appendix F.

DRAFT LEGISLATION

A copy of the draft legislation that would revise title 37 of the United States Code to categorize special and incentive pays as recommended by the 7th QRMC is at Appendix G.

DRAFT EXECUTIVE ORDER

Executive Order 11157 prescribes regulations for the administration of certain provisions of title 37 of the United States Code. A copy of the draft rewrite of that Executive Order, written to conform to the draft legislation at Appendix G, is at Appendix H.

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SPECIAL AND INCENTIVE PAYS

APPENDIX A—DESCRIPTION OF THE ROUTINE ADJUSTMENT PROCESS FOR SPECIAL AND INCENTIVE PAYS

INTRODUCTION

The 7th QRMC contracted with Economic Systems, Inc., for assistance in determining the feasibility of developing a cost-benefit methodology to assist in the management of incentive pays. The material on the following pages is quoted from their report entitled *Development of a Cost-Benefit Methodology for Incentive Pays*, pages VI-17 to VI-21, dated September 10, 1991. It provides an excellent description of the current process for changing special and incentive pays.

CURRENT PROCESS FOR CHANGING INCENTIVE PAYS

This report has emphasized the absence of a consistent and effective mechanism to track and adjust military incentive pays. It is appropriate to first examine the existing system and understand it as a baseline for change, and then examine mechanisms most frequently discussed—with some of the advantages and shortcomings of each.

When a personnel resource problem is identified within the military Services which might be remedied by the establishment or increase of an incentive pay, a rather lengthy process begins. The current process¹ involves more than thirty significant steps and covers approximately three years.

- o The functional manager review involves the manager within the initiating Service who has primary responsibility for the troubled specialty (or occupation). The first step is the documentation of the problem from the standpoint of historical deficiencies, how they were dealt with, and the shortcomings which continue to exist. The functional manager review also includes an examination of the future of the occupation/skill with programmatic changes.² This assessment is accomplished as a cornerstone in the approval process for establishment of an incentive pay. This review continues throughout the course of the proposal to establish an incentive pay. Periodic confirmation of the existing condition is needed over the many months that the process requires.
- o The next step involves the development of legislative language and history. This step is important because it involves precise wording of the proposed legislation and an in-depth examination of all associated laws to insure that conflict will not occur. This review is important where only a handful of experts possess the necessary qualifications to develop a defensible legislative package. For deficiencies uncovered during this step, all interested parties are invited to "revise and correct" the wording of the proposal—a procedure which seldom produces an efficient system, as the re-drafters incorporate the objectives of each drafting team.
- o Cost analysis is performed by the sponsoring Service analysts, and depicts the projected cost and the expected savings to the government over time. The financial implications for the entire DoD are developed in this step and become part of the review during the budgetary analysis.

¹While the system is not identical among all Services, the following is representative of the process. Some actions are performed by other offices or at different stages in the process, but the actions required and the time necessary are consistent throughout the Department of Defense.

²Programmatic changes are those which occur in the strategic plan of a Service such as the addition or deletion of a weapons system, a unit or mission, or even a function within an organization.

- o Program/policy review and approval involves the coordination of this proposal with other activities and policies within the military department. The package is reviewed from a programmatic and policy standpoint, inconsistencies are addressed, and (as with each step) revisions are incorporated as necessary. It also begins a more formal coordination with the Office of the Secretary of Defense (OSD) and the other Services, alerting all parties that Service input will soon be required.
- o The legislative affairs review examines the proposed legislation from both a technical and policy perspective. If the proposal and justification are sound, the package is examined in the context of pending DoD legislation, including other related measures which are under development. This step also includes assessing the legislative and administrative environment and how the proposed legislation can be presented with the greatest potential for approval.
- o Budget review examines the proposal, cost, and savings based upon current and cost projected budgets, and whether or not significant changes would be required in the Service or DoD programs to accommodate the new law.
- o Approval by top management is required, and the proposal is transmitted by the Service Department to OSD for consideration.

Under normal circumstances the process through this point requires approximately one year.

- o Legislative input from each Service is requested when the legislative package is received in the Office of the Assistant Secretary of Defense. While informal coordination has been ongoing, and formal notification has preceded this step by some weeks, the Services must now indicate their concurrence or identify the elements of the proposal which are unacceptable to them and suggest alternatives.
- o Analysis of the request by the Deputy Assistant Secretary of Defense (Military Manpower & Personnel Policy), Directorate of Compensation involves the examination of the technical soundness of the proposed legislation and the implications in the context of all compensation for military personnel. Alternatives are again reviewed, and inability of existing authorities to achieve the desired objectives is confirmed. The analysis involves input from all Services, including their recommendations and concurrences, such as their recommendations concerning the urgency and importance of this particular proposal.
- o Prioritizing the request is based upon the above analysis, and coordination with Services, Comptroller/Budget, Legislative Liaison, and the General Counsel. The integration of the proposal in the flow and timing of actions with the Congress, OMB, and the budget cycle are considered.

- o Approval by the ASD (MM&PP): The Assistant Secretary reviews the proposal in preparation for top level staff coordination. This coordination also includes the review by the OSD office primarily responsible for the control of the occupation or specialty involved.
- o Comptroller review involves the examination from a budgetary and strategic perspective. Budget justification which has addressed this on similar issues in recent years is reviewed. The implications of the proposal are viewed from the standpoint of the entire Department of Defense.
- o The Deputy Secretary of Defense (DEPSECDEF) approval is the last DoD policy resolution step prior to final legislative review. The DEPSECDEF normally signs the "Speaker's Letter", which is the formal transmittal of any legislation to the Speaker of the House of Representative and the President of the Senate—however, that signature is the last action before the legislative package is delivered to the Congress, and that will not occur for some time yet.
- o Review of the legislative package by the Legislative Affairs Office is the final act before it leaves the Department of Defense. Final examination of the precision and order of the legislative package is conducted according to precise rules established for these actions.

At this point, approximately 24 months have elapsed since the problem was identified.

- o The Office of Management and Budget examines the proposal from the standpoint of the Administration's program. They are specifically charged with insuring that the proposal is consistent with Presidential philosophy and with the ongoing activities of other departments and the Congress. Functional managers within OMB who would be involved in that review include those responsible for legislative proposals and liaison with the Congress, Defense specialists, and compensation and human resource management. The OMB review normally requires four to six months. The coordinated package is returned to the General Counsel in the Office of the Secretary of Defense.

At this point, approximately two and one-half years have passed. The confirmation of the need for the new authority is an ongoing process—obviously, the problem has still not been responding to other force management measures.

- o The General Counsel in the Office of the Secretary of Defense receives the Administration's coordinated proposal from OMB, obtains the necessary signatures of the Secretary or Undersecretary, and formally conveys it to the Congress. Copies are delivered to the President of the Senate, the Speaker of the House of Representatives,

and to the Committees on Armed Services and Appropriations in both houses of the Congress.

- o The House Armed Services Committee and the Senate Armed Services Committee review the package. Following a preliminary review and assessment, hearings on the matter (either a joint hearing, if it is a proposal of sufficient importance, or by each committee) will be scheduled. This is a time consuming process. Appropriate witnesses are summoned to appear. They will include at least senior managers from the sponsoring Service and from the Office of the Secretary of Defense. Again, if the issue is of sufficient importance, representatives from each of the other Services would be included. Data and testimony from DoD and the Services will be considered, and the decision of the committees is recorded. Committee reports are written, and bills are prepared. While this is listed as a single step in the process, it is obviously much more complex than any of the other actions described here.
- o House and Senate Appropriations Committees review the bills as they concern authorization legislation and supplemental authorization authority which may be required. Many of the same activities described above for the Committees on Armed Services may be required.
- o Enactment. Bills (labeled as "S." [Senate] and "H.R." [House of Representatives]) are distributed for consideration by each House. If it appears that passage is not assured, the House of Representatives will probably act upon the Bill first. Conference committees, if necessary to resolve differences between House and Senate versions, may be required. The final version is again voted upon by both Houses, and the proposal becomes enacted legislation.
- o The enacted legislation is then sent to The White House. Unless there have been Congressional changes which make the enacted legislation unacceptable, Presidential Signature will make it law. This P.L. (public law) is the authority to pay military personnel the incentive pay proposed nearly three years previously.
- o The Office of the Secretary of Defense distributes, with a letter of promulgation in the form of a directive (DoD Instruction or DoD Directive) which becomes the operating directive, authorizing procedures for personnel offices to certify an individual's eligibility, and the Military Pay and Allowances Entitlement Manual (DODPM) provides the DoD finance center authority to pay the incentive pay to individual service members.

While the process described above sets forth the procedures for a new incentive pay, the basic process is not unlike this for a change to an existing incentive pay. There are no provisions for any of the steps to be avoided. Very modest changes do not require extensive hearings, and occasionally they become law as riders on other Bills. Total agreement from all managing agencies in advance is also a very useful expedient, but process is time consuming

and fraught with dangers involving improper or inequitable provisions unintentionally enacted into law. The only solidly responsible alternative is top level involvement in all activities, coordinating at each step, and each agency responding as a matter of top priority when the proposal is received. Obviously, this is a very expensive and seldom achieved condition....

HAZARDOUS DUTY	NAME	Current	Hazardous	Bonus	When	Rate	Rate	Current	Who	Employment
	FLIGHT PAY (Not as a crew member)	Recognition	Hazardous	No	Duty	Fixed	Grade	110M	Officer & Enlisted	Yes
	PARACHUTE DUTY	Recognition	Hazardous	No	Duty	Fixed	Grade	110M	Officer & Enlisted	Yes
	PARACHUTE DUTY (High altitude-low gear, HALO)	Recognition	Hazardous	No	Duty	Fixed	Grade	165M	Officer & Enlisted	Yes
	DESIGNATION DUTY	Recognition	Hazardous	No	Duty	Fixed	Grade	110M	Officer & Enlisted	Yes
	PRESSURE CHAMBER DUTY	Recognition	Hazardous	No	Duty	Fixed	Grade	110M	Officer & Enlisted	Yes
	ACCELERATION OR DECELERATION EXPERIMENTAL SUBJECT	Recognition	Hazardous	No	Duty	Fixed	Grade	110M	Officer & Enlisted	Yes
	THERMAL STRESS TEST SUBJECT	Recognition	Hazardous	No	Duty	Fixed	Grade	110M	Officer & Enlisted	Yes
	FLIGHT DECK DUTY	Recognition	Hazardous	No	Duty	Fixed	Grade	110M	Officer & Enlisted	Yes
	TOXIC PATHOGEN, VIRUS, OR BACTERIA EXPOSURE	Recognition	Hazardous	No	Duty	Fixed	Grade	110M	Officer & Enlisted	Yes
	HANDLING TOXIC FUELS, PROPPELLANTS, OR CHEMICAL AGENTS	Recognition	Hazardous	No	Duty	Fixed	Grade	110M	Officer & Enlisted	Yes
	DUTY SUBJECT TO HOSTILE FIRE OR IMMINENT DANGER	Recognition	Hazardous	No	Duty	Fixed	Grade	110M	Officer & Enlisted	Yes
	CAREER INCENTIVE	Incentive	Hazardous	No	Duty	Fixed	Variable	110-2500M	Officer & Enlisted	No
	AVIATION CAREER INCENTIVE PAY	Incentive	Hazardous	No	Term	Fixed	Variable	125-6500M	Officers	Yes
	FLIGHT PAY (Air weapons controller)	Incentive	Hazardous	No	Duty	Fixed	Variable	125-6500M	Officers	Yes
	DIVING DUTY	Incentive	Hazardous	No	Duty	Fixed	Variable	3000-2000M	Officer & Enlisted	Yes
	CAREER SEA PAY	Incentive	Aerious	No	Duty	Fixed	Variable	50-5200M	E-4 and above	Yes
	SPECIAL DUTY ASSIGNMENT FOR ENLISTED MEMBERS	Incentive	Aerious	No	Duty	Fixed	Variable	275M	Enlisted	Yes
	ENLISTED MEMBERS EXTENDING OVERSEAS	Incentive	Aerious	No	Duty	Fixed	Variable	40M	Enlisted	Yes
	ENLISTED MEMBERS ASSIGNED TO HIGH PRIORITY UNITS	Incentive	Aerious	No	Duty	Fixed	Variable	\$10/PTD	Enlisted	No
	SUBMARINE DUTY	Incentive	Aerious	No	Term	Fixed	Variable	75-995M	Officer & Enlisted	Yes
	FOREIGN LANGUAGE PROFICIENCY	Incentive	No	No	Term	Fixed	Variable	100M	Officers	Yes
	MEDICAL OFFICERS BOARD CERTIFICATION PAY	Incentive	No	No	Term	Fixed	Variable	208.33-5000M	Officers	Yes
	DENTAL OFFICERS BOARD CERTIFICATION PAY	Incentive	No	No	Term	Fixed	Variable	83.33-1000M	Officers	Yes
	DENTAL OFFICERS VARIABLE SPECIAL PAY	Incentive	No	No	Term	Fixed	Variable	166.67-333.33M	Officers	Yes
	OPTOMETRISTS REGULAR SPECIAL PAY	Incentive	No	No	Term	Fixed	Variable	83.33-5000M	Officers	Yes
	PSYCHOLOGISTS	Incentive	No	No	Term	Fixed	Variable	100M	Officers	Yes
	NONPHYSICIAN HEALTH CARE PROVIDERS	Incentive	No	No	Term	Fixed	Variable	2-3K/yr	Officers	Yes
	VETERINARIANS	Incentive	No	No	Term	Fixed	Variable	100M	Officers	Yes
	RESERVE MEDICAL OFFICERS SPECIAL PAY	Incentive	No	No	Term	Fixed	Variable	450M	Officers	Yes
	WHILE ON DUTY AT CERTAIN PLACES	Recognition	Aerious	No	Duty	Fixed	Variable	8-22.5M	Enlisted	No
	OFFICERS HOLDING POSITIONS OF UNUSUAL RESPONSIBILITY	Recognition	Aerious	No	Duty	Fixed	Variable	50-500M	Officers	No
	ASSIGNED TO AN INTERNATIONAL MILITARY HEADQUARTERS	Recognition	Aerious	No	Duty	Fixed	Variable	SEP SCALE	Officers	No
	SKILL INCENTIVE	Incentive	No	Yes	Term	Fixed	Variable	45K	Enlisted	No
	SELECTIVE REENLISTMENT BONUS	Incentive	No	Yes	Term	Fixed	Variable	1500	Enlisted	No
	REENLISTMENT BONUS—READY RESERVE	Incentive	No	Yes	Term	Fixed	Variable	2500	Enlisted	No
	REENLISTMENT BONUS—SELECTED RESERVE	Incentive	No	Yes	Term	Fixed	Variable	15K/yr	Enlisted	No
	NUCLEAR QUALIFIED ENLISTED MEMBERS	Incentive	No	Yes	Term	Fixed	Variable	6K/yr	Officers	No
	NURSE ANESTHETISTS	Incentive	No	Yes	Term	Fixed	Variable	6K/yr	Officers	No
	OPTOMETRISTS RETENTION SPECIAL PAY	Incentive	No	Yes	Term	Fixed	Variable	12K	Officers	No
	AVIATION CAREER OFFICERS EXTENDING ACTIVE DUTY	Incentive	No	Yes	Term	Fixed	Variable	3K	Officers	No
	ENGINEERING AND SCIENCE CAREER CONTINUATION	Incentive	No	Yes	Term	Fixed	Variable	15K/BOY	Officers	No
	ACQUISITION CORPS CONTINUATION BONUS	Incentive	No	Yes	Term	Fixed	Variable	14K/yr	Officers	No
	MEDICAL OFFICERS MULTYEAR RETENTION BONUS	Incentive	No	Yes	Term	Fixed	Variable	22.36K/yr	Officers	No
	MEDICAL OFFICERS INCENTIVE SPECIAL PAY	Incentive	No	Yes	Term	Fixed	Variable	12K/yr	Officers	No
	NUCLEAR QUALIFIED OFFICERS EXTENDING ACTIVE DUTY	Incentive	No	Yes	Term	Fixed	Variable	10K/yr	Officers	No
	NUCLEAR CAREER ANNUAL INCENTIVE BONUS	Incentive	No	Yes	Term	Fixed	Variable	6-10K/yr	Officers	Yes
	DENTAL OFFICERS ADDITIONAL SPECIAL PAY	Incentive	No	Yes	Term	Fixed	Variable	15K/yr	Officers	Yes
	MEDICAL OFFICERS ADDITIONAL SPECIAL PAY	Incentive	No	Yes	Term	Fixed	Variable	12K	Officers	Yes
	ENLISTMENT BONUS	Incentive	No	Yes	Term	Fixed	Variable	4K	Enlisted	No
	ARMY ENLISTMENT BONUS	Incentive	No	Yes	Term	Fixed	Variable	50M	Enlisted	No
	BONUS FOR RESERVE AFFILIATION	Incentive	No	Yes	Term	Fixed	Variable	1K	Enlisted	No
	ENLISTMENT BONUS—READY RESERVE	Incentive	No	Yes	Term	Fixed	Variable	2K	Enlisted	No
	ENLISTMENT BONUS—SELECTED RESERVE	Incentive	No	Yes	Term	Fixed	Variable	1250-2500	Enlisted	No
	PRIOR SERVICE ENLISTMENT BONUS	Incentive	No	Yes	Term	Fixed	Variable	5K/yr	Officers	No
	ACCESSION BONUS FOR REGISTERED NURSES	Incentive	No	Yes	Term	Fixed	Variable	6K	Officers	No
	NUCLEAR CAREER ACCESSION BONUS	Incentive	No	Yes	Term	Fixed	Variable		Officers	No

Appendix B—SPECIAL AND INCENTIVE PAYS LISTED BY CATEGORY AND KEY VARIABLES

SEVENTH QUADRENNIAL REVIEW OF MILITARY COMPENSATION

INFORMATION PAPER

SUBJECT: Special and Incentive Pays

ISSUE: What is the origin of 37 USC §306a (pay for not more than nine personnel assigned to International Military Headquarters)?

Background. Question has arisen as to the continued need for a section of Chapter 5 of Title 37 (Special and Incentive Pays). That section, 37 USC §306a, provides as follows:

"Not more than nine members of the armed forces, including members detailed to international military headquarters, may be paid pay and allowances at rates referred to in section 625(d) of the Foreign Assistance Act of 1961 (22 USC §2385(d))."

According to OSD/Compensation, no one is now being paid pursuant to this section. Its validity, therefore, rests upon the possibility that it may be needed in the future. Thus, it is relevant to examine its origin.

Discussion. Public Law 98-525, the DoD Authorization Act of 1985, contained the title "Recurring and Permanent Provisions" which included the foregoing section as an amendment to 37 USC. Prior thereto, every DoD appropriations act, dating back to Public Law 91-171, the 1970 DoD Appropriations Act, included the following under the General Provisions title:

"Appropriations for the Department of Defense for the current fiscal year shall be available (for) . . . pay and allowances of not to exceed nine persons, including personnel detailed to International Military Headquarters and Organizations, at rates provided for under section 625(d)(1) of the Foreign Assistance Act of 1961, as amended."

The President's budget for that year requested funding in the same language.

The rationale for the provision in the budget, and in the 1970 DoD Appropriations Act, is not readily apparent. Reports on the Act are not edifying. The House Report (#91-698) and the

APPENDIX C—ORIGIN OF SPECIAL PAY FOR MEMBERS ASSIGNED TO INTERNATIONAL MILITARY HEADQUARTERS

Conference Report (#91-766) barely refer to the provision; the Senate Report (#91-607) makes no reference thereto at all.

Part of the background for this provision may have been revealed during a hearing of a subcommittee of the House Appropriations Committee on 9 December 1969 during which the following exchange took place:

"Senator Ellender: Mr. Secretary, as I recall there is something over \$30 million in the House bill for the support of the various International Military Headquarters. Funds for this purpose have heretofore been included in the military assistance appropriations. I wish you would provide a detail statement for the record on this matter.

"Secretary Laird: I appreciate your bringing up this question. It is most important that this item be funded in our regular budget. I will be glad to supply that detail for the record, Mr. Chairman. (The information follows:)

"Justification for Transfer of International Military Headquarters Funding from MAP to Service Appropriations

"The program for International Military Headquarters is directly related to the support of US forces and, therefore, is properly chargeable to the cost of US forces. IMH programs for NATO, the cost of which comprise about 99 % of the total world-wide IMH cost, are closely related to the NATO Infrastructure program. The Infrastructure program was transferred in the FY 1968 budget to the military functions budget, but the IMH program was not. It is our belief that IMH should be viewed in the same context as NATO Infrastructure and transferred to the military functions budget.

"Significantly, the military assistance grant aid program is being reduced both in scope and new obligational authority at the same time that International Military Headquarters costs are rising.

"The IMH program finances the US share of operating costs of the NATO command structure. This program is complemented by the military departments which provide military personnel, funded from service appropriations, to staff the command structure. In addition, the facilities and communications systems utilized by this command structure are constructed under NATO Infrastructure. . . .

"Transfer of funding from MAP to service appropriations will permit more responsive programming, budgeting, funding, and administrative control of this program."

Thus, in 1969, funding for Military Assistance Programs attributable to the services was being transferred from the Department of State to the Department of Defense.

The rationale behind the provision in the President's 1970 budget that resulted in a subsection in every DoD Appropriations Act from then until its codification in 1985 as 37 USC §306a is found in testimony presented at a hearing before a subcommittee of the Senate Appropriations Committee on 31 July 1969. The following exchange took place:

"Chairman Russell: The request includes [deleted] for a new activity entitled "International Military Headquarters and Agencies." It is my understanding that funds for this purpose were previously carried in the military assistance appropriation. Am I correct about this?

"Dr. Frosch (Assistant Secretary of the Navy for Research and Development): The funds for the activity entitled "International Military Headquarters and Agencies" have in the past and through fiscal year 1969 been furnished by the military assistance program (MAP) appropriation.

"Chairman Russell: Comment in detail on just what is included in this request for [deleted].

"Dr. Frosch: This project provides salaries and administrative support for a contingent of nine US civilian scientific personnel assigned to the SACLANT Antisubmarine Warfare Research Center, a NATO organization located at La Spezia, Italy. These personnel fulfill most of the US commitments to the Center. The Center's mission is to provide scientific and technical advice and assistance to SACLANT in the field of antisubmarine warfare, and to be responsive (in this field, through SACLANT) to the requirements of NATO naval forces."

It is relevant to compare the language of the provision in the President's 1970 budget (which language was carried through every DoD Appropriations Act until codification in 1985) with the language of 37 USC §306a (unchanged since its 1985 codification): the former seeks funds for "pay and allowances for not to exceed nine persons" while the latter provides pay for "(n)ot more than nine *members of the armed forces.*"

Conclusion. The 1970 President's budget sought funding for nine civilian scientists ("persons"). (Deletion of the amounts in the published transcript suggests a covert intelligence operation.) By the time Congress sought to codify recurring budget requests (1984), the project, and all institutional memory of same, had ceased to exist. It was codified because it was, historically, there.

FROM: LTC Phillip L. Krejci
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SEVENTH QUADRENNIAL REVIEW OF MILITARY COMPENSATION

INFORMATION PAPER

SUBJECT: Special Pay: Nuclear-Trained and Qualified Enlisted Members

ISSUE: The provisions for §312a., Title 37, U.S. Code for a Special pay: nuclear-trained and qualified enlisted members has not been used since 1975, and should be repealed.

BACKGROUND: On October 27, 1972, Special pay: nuclear-trained and qualified enlisted members was enacted into law, codified as §312a., Title 37. This provision allowed for enlisted members who qualified for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants to receive a reenlistment bonus of up to \$15,000. The service member had to reenlist for at least two years, have had at least six but less than ten years of active service, and must have reenlisted on or before June 30, 1975.

The reenlistment date of June 30, 1975 has never been extended, thus the special pay has never been used since. The provisions of §312a., Title 37, U.S. Code (from the December 31, 1990 committee print No. 3 of the House Committee on Armed Services) are shown in Table D-1.

DISCUSSION: Prior to the enactment of this special pay, these enlisted members who reenlisted could qualify for the old regular reenlistment bonus and the Variable Reenlistment Bonus (VRB). The maximum amount that they could qualify for was \$2000 for the regular reenlistment bonus plus an additional maximum of \$8000 for the VRB. Only first term reenlistees could receive the VRB.

The Armed Forces Enlisted Personnel Bonus Revision Act of 1974 terminated the regular reenlistment bonus and the VRB, and replaced them with the Selective Reenlistment Bonus (SRB). The SRB had a \$15,000 cap on the bonus and the amount of payment was calculated essentially the same as the bonus for nuclear-trained and qualified enlisted members. The new SRB program extended the bonus to members who had at least 21 months but less than ten years of active service, required a reenlistment period for at least three years, and was provide to reenlistees who had skills that were designated as critical. The SRB was authorized until June 30, 1977.

The authority of the SRB has subsequently been extended several times and the bonus cap raised first to \$20,000 in 1980, then to \$30,000 in 1985, and currently is at \$45,000 (as of

APPENDIX D-SPECIAL PAY FOR NUCLEAR-TRAINED AND QUALIFIED ENLISTED MEMBERS

1989). Most of the increases in the bonus' cap were justified to be provided for nuclear-trained and qualified enlisted members.

CONCLUSION: The special pay for nuclear-trained and qualified enlisted members has effectively been subsumed in the SRB program.

RECOMMENDATION: That §312a., Title 37, U.S. Code authorizing the Special pay: nuclear-trained and qualified enlisted members be repealed.

Table D-1. 37 U. S. C. 312a

§312a. Special pay: nuclear-trained and qualified enlisted members

(a) Under regulations prescribed by the Secretary of Defense, an enlisted member of the naval service who--

(1) is entitled to basic pay;

(2) is currently qualified for duty in connection with the supervision, operation, and maintenance of naval nuclear propulsion plants; and

(3) has completed at least six, but not more than ten, years of active duty and executes, when eligible, a reenlistment agreement for not less than two years;

may upon acceptance of the reenlistment agreement by the Secretary of the Navy or his designee, be paid a bonus not to exceed six months of the basic pay to which he was entitled at the time of his discharge or release, multiplied by the number of years or the monthly fractions thereof, of additional obligated service, not to exceed six years, or \$15,000, whichever is the lesser amount.

(b) Bonus payments authorized under this section may be paid in either a lump sum or in installments.

(c) An amount paid to a member under subsection (a) of this section is in addition to all other compensation to which he is entitled and does not count against the limitation prescribed by section 308(a) of this title concerning the total amount of reenlistment bonus that may be paid.

(d) Under regulations prescribed by the Secretary of the Navy, refunds, on a pro rata basis, of sums paid under subsection (a) of this section may be required, and further payments terminated, if the member who has received the payment fails to complete his reenlistment contract, or fails to maintain his technical qualification for duty in connection with supervision, operation, and maintenance of naval nuclear propulsion plants.

(e) Provisions of this section shall be effective only in the cases of members who, on or before June 30, 1975, execute the required written agreement to remain in active service.

(Added P.L. 92-581, § 1(3), Oct. 27, 1972, 86 Stat. 1277, and amended P.L. 97-295, § 3(3), Oct. 12, 1982, 96 Stat. 1303.)

SEVENTH QUADRENNIAL REVIEW OF MILITARY COMPENSATION

INFORMATION PAPER

**SUBJECT: Special Pay: While on Duty at Certain Locations
(Foreign Duty Pay)**

ISSUE: The rate of special pay while on duty at certain places has not changed since 1949; thereby having questionable value at the present level.

BACKGROUND: Paying military members special pay while serving outside the contiguous United States originated during the Spanish-American War. Initially, only Army personnel were entitled to an additional special pay for service in Puerto Rico, Cuba, Philippine Islands, Hawaii, or Alaska.¹ Officers received 10 percent of their salary while enlisted personnel received 20 percent of their base pay. In March, 1901, geographic coverage was expanded to include service in any area outside the contiguous United States, and the entitlement was provided to Marine Corps personnel and Navy officers.

Navy Enlisted personnel were authorized the pay for the first time on March 7, 1942.² At this point, the general orientation of the pay was shifted from solely foreign duty pay to that of foreign duty and sea pay. Officers received 10 percent of their base pay and warrant officers and enlisted personnel received 20 percent.

In the Career Compensation Act of 1949, Congress adopted a variable rate from \$8.00 per month for pay grade E-1 to \$22.50 per month for the senior enlisted pay grade.³ Congress also eliminated foreign duty/sea pay for officers. The rates have not been changed since that time.

In 1963, the Department of Defense proposed that foreign duty pay be eliminated—along with sea duty pay. Congress rejected the proposal, but did adopt the Uniformed Service Pay Act of 1963 which changed the structure of the pay.⁴ Under the restructuring, enlisted personnel serving outside of the contiguous United States were not automatically entitled to

APPENDIX E—RESTRUCTURING OF SPECIAL PAY WHILE ON DUTY AT CERTAIN PLACES

¹31 Stat. 211 of May 26 1900.

²Public Law 77-490, Stat. 148.

³Public Law 81-351.

⁴Public Law 88-132.

foreign duty pay. Instead, the Secretary of Defense designated the areas for which the pay was authorized. Congress indicated that factors such as undesirable climate, lack of normal community facilities, and accessibility of location are criteria that should be used in making such designations.

In 1981 Congress questioned the need and effectiveness of certain places pay and asked the Department of Defense to provide justification for continuing the pay not later than 1 June 1982.⁵ The Department of Defense responded by recommending the restructuring of the eligibility criteria. In September 1982, it established new eligibility criteria in DoD instruction 1340.10 as follows:

1. Dependents not authorized. Enlisted members are assigned to duty in those foreign countries and areas listed in enclosure 8 of DoD Directive 1315.7, in which the "accompanied by dependents" tour is not authorized.

2. Less Than The Normal Accompanied Tour. Enlisted members are assigned to duty in those areas listed in enclosure 8 of DoD Directive 1315.7, in which the "accompanied by dependents" tour length is less than 36 months.

3. Climate. The place of assignment is specifically recommended by the major command concerned and is located at 58 degrees North Latitude and above, or at 58 degrees S. Latitude and below; or located between 15 degrees North and 15 degrees South Latitudes, and

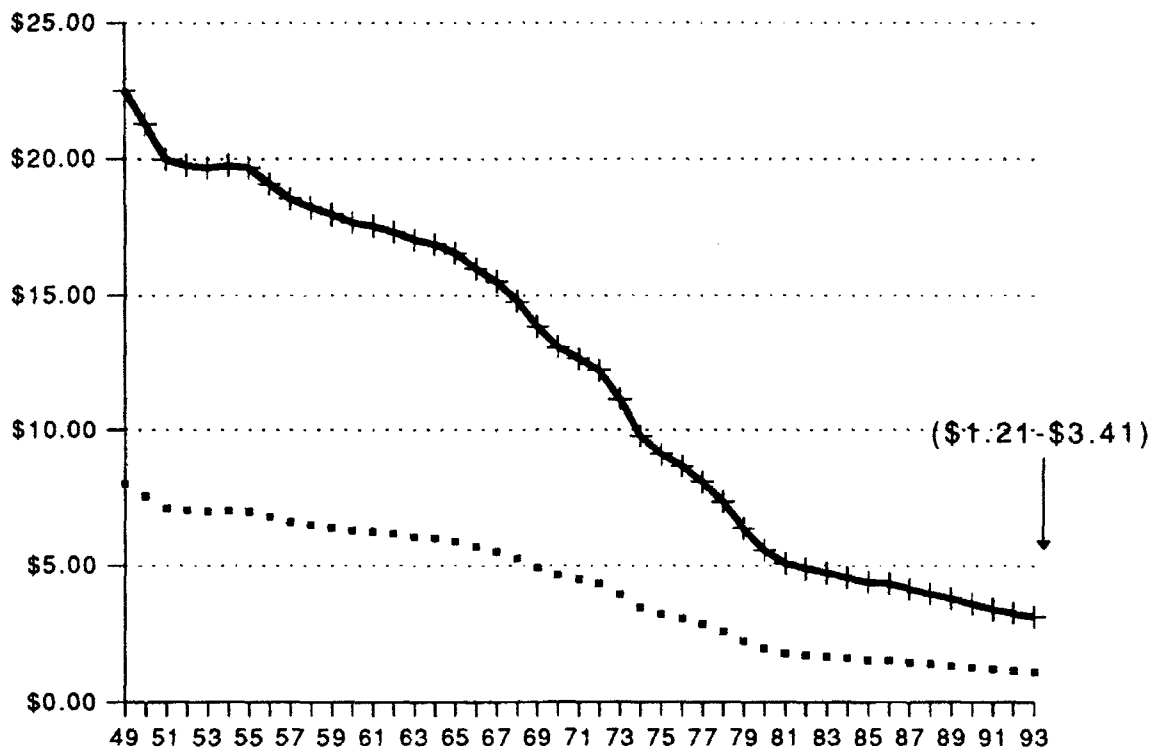
4. Assigned to Communist-Controlled Countries. Enlisted members assigned to duty in communist-controlled countries.⁶

Because of these lenient criteria, certain places pay is currently paid to military members in 179 locations including Oslo, Norway; Stockholm, Sweden; and any location in Alaska.

DISCUSSION: When Congress authorized the pay rate in 1949, it represented 20 percent of an enlisted member's basic pay. For several years, due to low inflation, the pay held its value. However, the steep inflation of the 1970s significantly diminished the value. Today, the pay represents only 1.06 percent of basic pay for pay grade E-1 and only 1.20 percent for pay grade E-7. Figure E-1 traces this erosion in value for junior and senior enlisted members since 1949.

⁵House Report 97-273, November 17, 1981, to accompany S. 1857 (DoD Appropriation Bill, 1982) pp. 20, and house report 97-410, Dec 15, 1981, Conference Report to accompany H.R. 4995, pp. 12.

⁶OASD(MRA&L) Fact Sheet, May 1982.



→ Junior Enlisted Rate + Senior Enlisted Rate

Figure E-1. Erosion of Certain Places Pay Value Since 1949

In fiscal year 1990, the Department of Defense paid \$19.6 million in certain places pay to over 103,000 enlisted members serving in 179 locations. Full restoration to the 1949 value would require a rate increase of approximately 400 percent and would increase the program cost by at least 76 million dollars per year.

Since 1949, there have been many attempts to change certain places pay. Most recently, Congressman McCurdy of Oklahoma proposed in his Bill, H. R. 666, introduced January 28, 1991, a flat rate of \$80.00 per month for all personnel. This flat rate represents the mean of the 1949 rates adjusted for subsequent inflation. However, the amount of the proposed increase is insufficient to induce members to volunteer for duty in undesirable overseas areas. More importantly, it does not change the eligibility criteria which is the real problem with this pay.

For years, personnel managers have wrestled with the problem of manning remote and isolated installations all over the world.

There are a number of reasons why service members see such assignments as undesirable; for example, duty stations are often far from populated areas; the environment may be harsh; and travel to and from sites may be difficult. Although it can be argued that military members must perform duty at these locations when ordered to do so, both the members and their organizations would benefit if at least a greater share of individuals performing remote or isolated duty were volunteers. Meaningful compensation for isolated duty could provide an incentive for individuals holding special skills that are very often associated with remote duty. The results could be a greater number of volunteers, bringing with them an improvement in overall morale. An appropriate rate would also compensate members at selected locations for the discomforts and true isolation associated with such duty.

Quite clearly, certain places pay in its present form has questionable value. However, because of its potential for inducing volunteers with an attendant increase in morale and productivity, it should be restructured rather than being eliminated.

CONCLUSIONS:

a. Special pay while on duty at certain places is of questionable value in its present form.

b. The value of the pay has declined, since legislation in 1949, to the point that it is only a small, insignificant amount. Full restoration of the pay is unlikely because that would require a 400 percent increase. However, restructuring seems warranted.

c. Further review of eligibility criteria is required. Currently, members in 179 locations qualify for the pay. Though there are many locations such as northern Alaska or northeastern Turkey that seem to warrant such pay, there are also many questionable locations such as Oslo, Norway and Stockholm, Sweden. The selection of duty locations for this pay should be predicated not simply on latitude, but on the existence of remote, isolated, or harsh conditions.

RECOMMENDATION:

Since a complete review of the rate structure and eligibility criteria is beyond the scope of its present review, the 7th QRMC recommends that the Department of Defense conduct a separate comprehensive review of certain places pay to validate its utility, determine an effective rate structure, and develop more appropriate eligibility criteria.

W.G. Byrne, 5 June 1991

SPECIAL AND INCENTIVE PAYS

APPENDIX F—SUPPLEMENTARY GRAPHICAL INFORMATION ABOUT SPECIAL AND INCENTIVE PAYS

CONTENTS

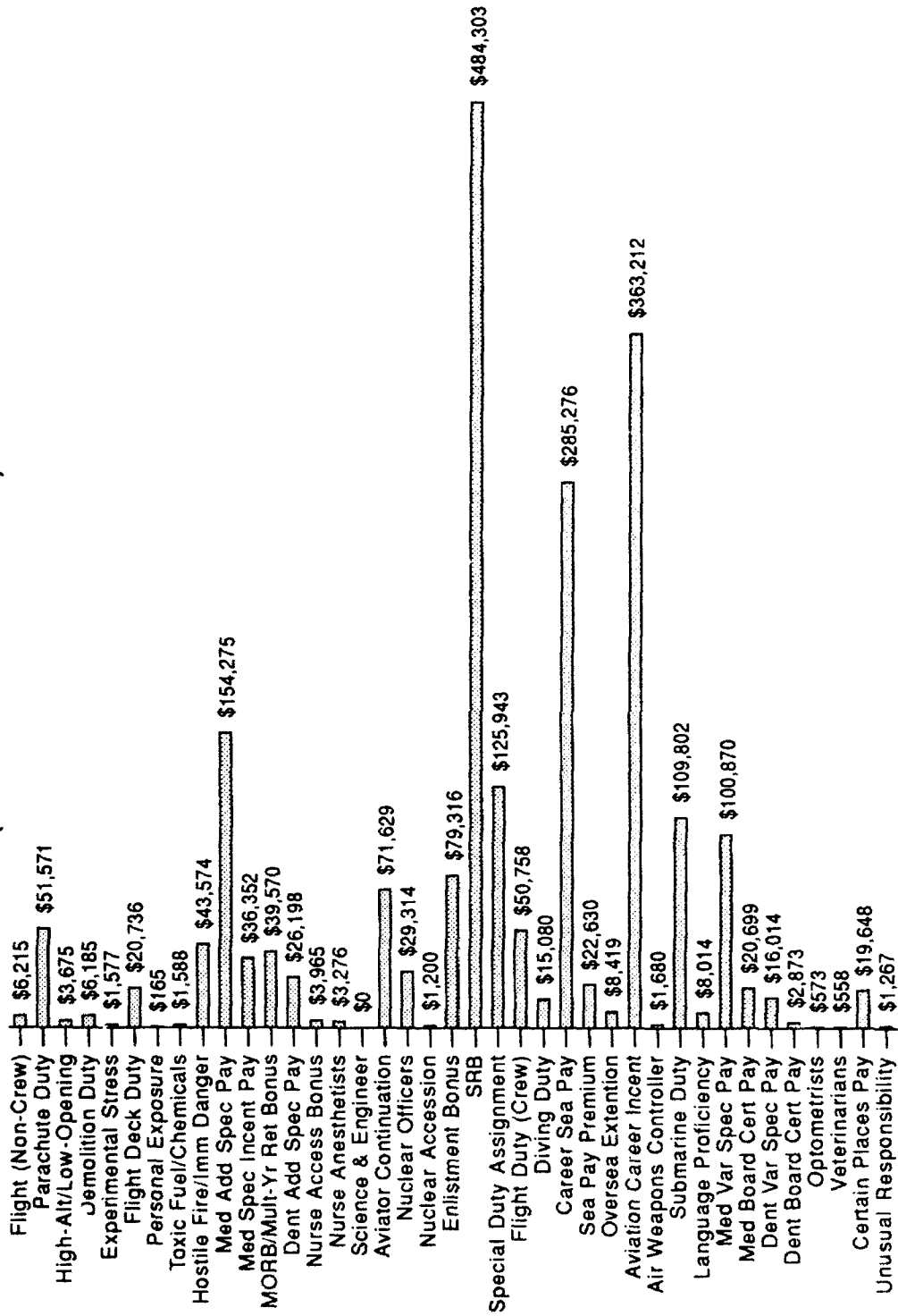
Special and Incentive Pay Expenditures in Fiscal Year 1990

\$ Spent on each pay	F-2
\$ Spent by each service	F-3
\$ Spent on officers and enlisted members	F-4

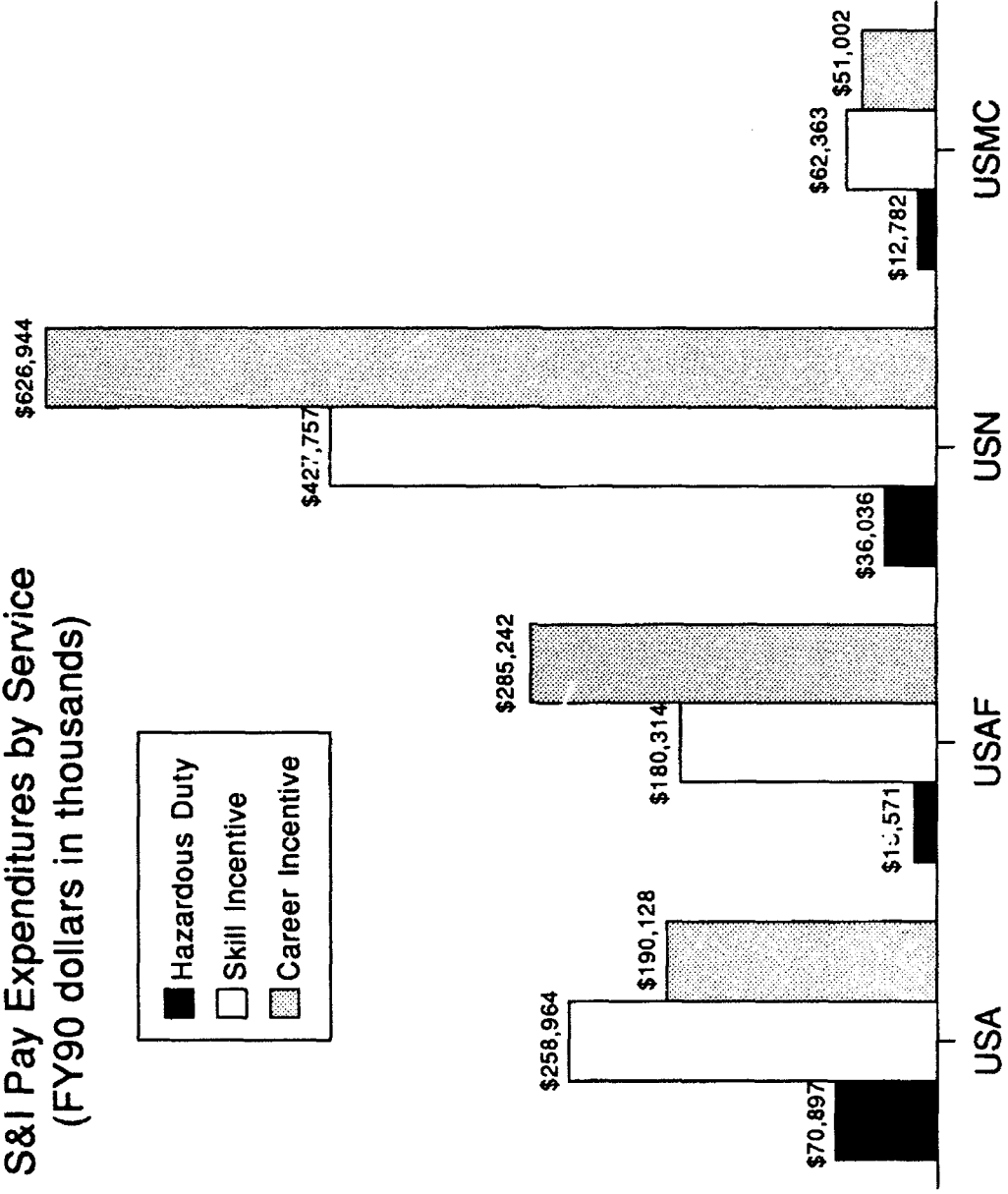
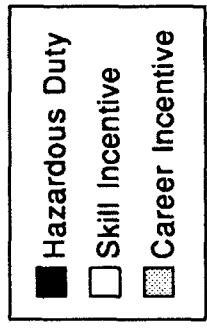
Number of People Receiving Pays in Fiscal Year 1990

# of people receiving each pay	F-5
# of people receiving pays by each service	F-6
# of people receiving pays by officers and enlisted members	F-7

FY90 S&I Pay Expenditures (dollars in thousands)

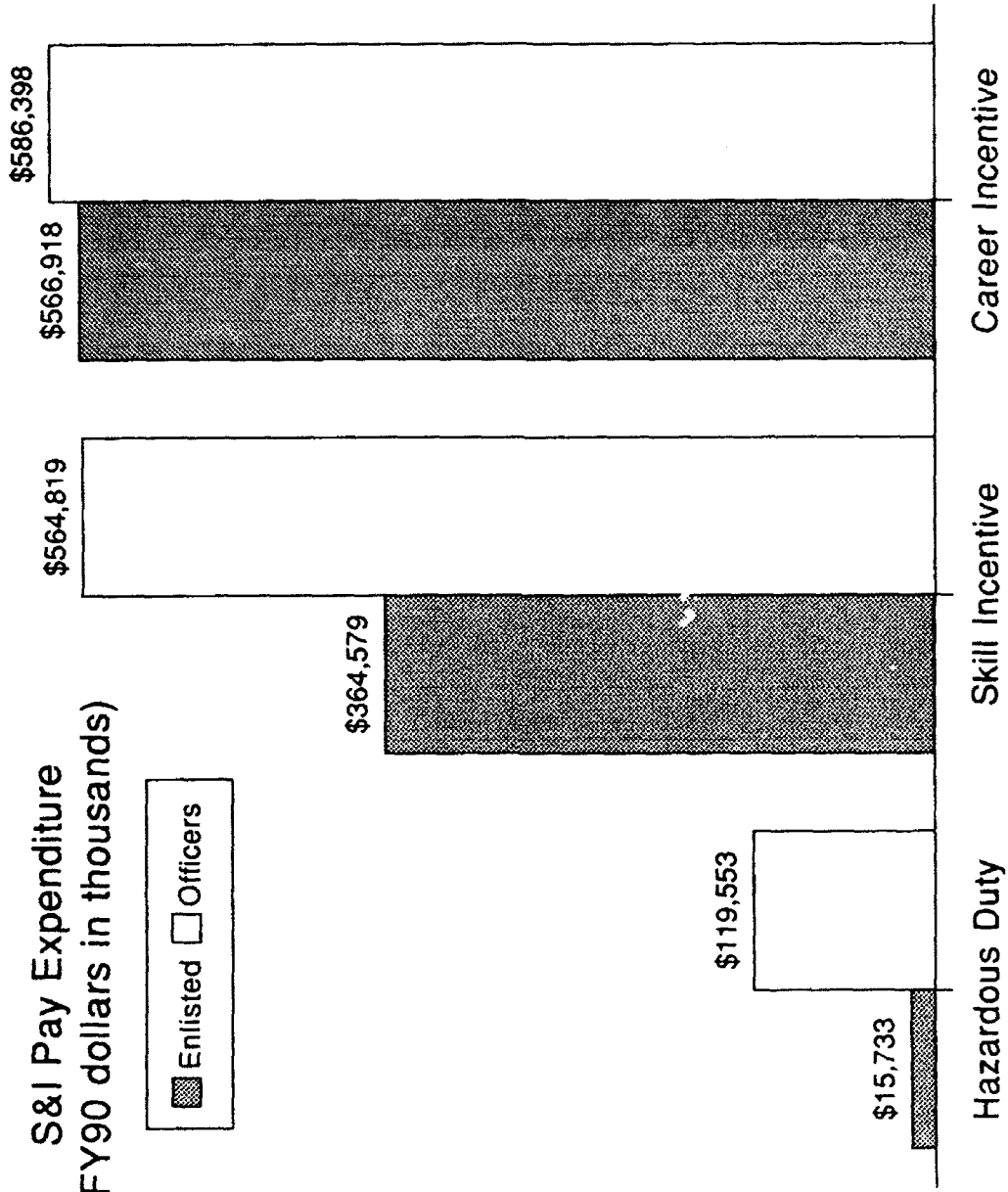


S&I Pay Expenditures by Service
 (FY90 dollars in thousands)

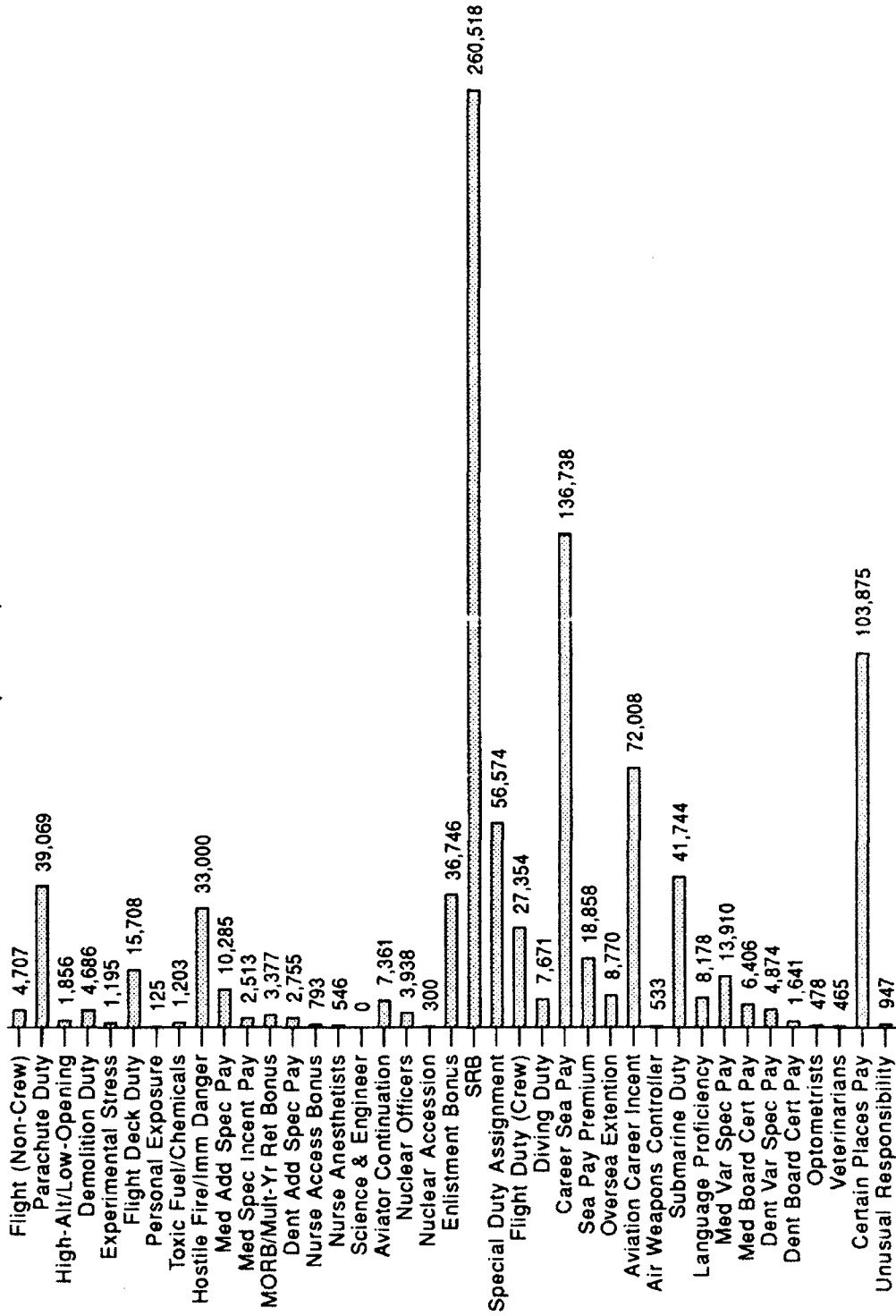


S&I Pay Expenditure
(FY90 dollars in thousands)

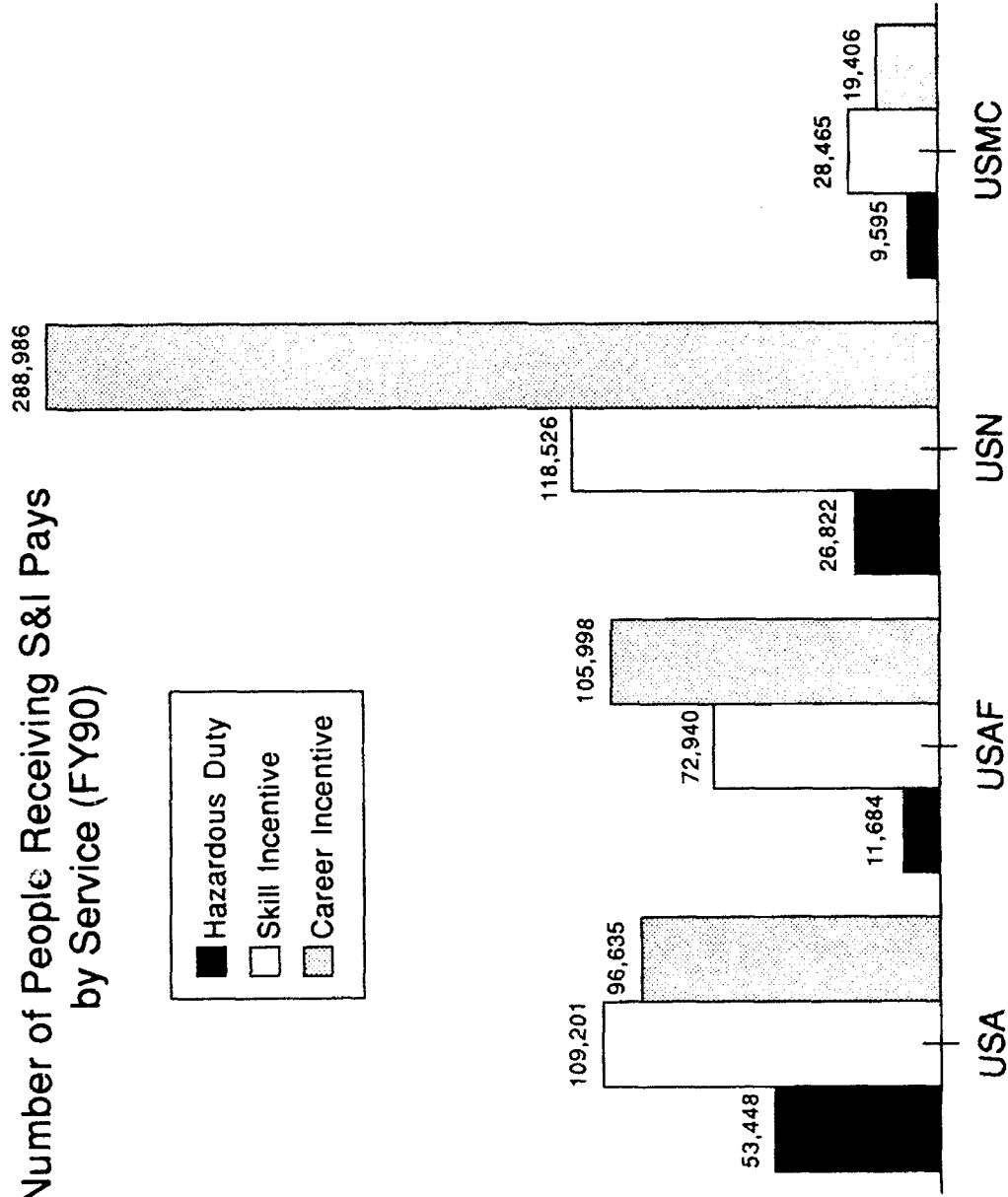
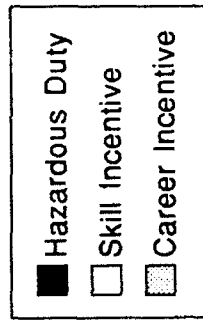
■ Enlisted □ Officers



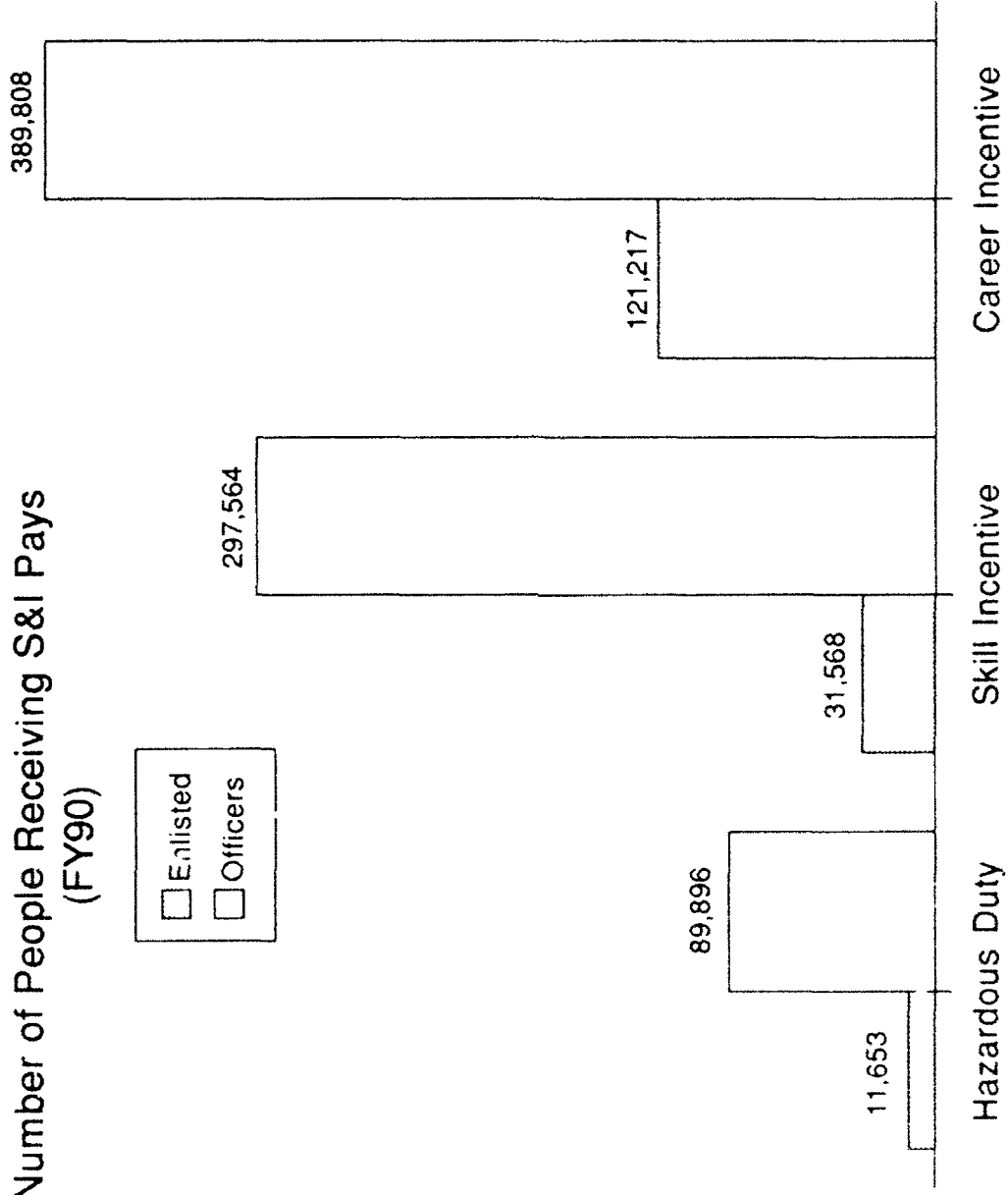
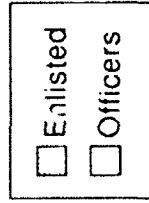
Number of People Receiving S&I Pays (FY90)



Number of People Receiving S&I Pays by Service (FY90)



Number of People Receiving S&I Pays (FY90)



SPECIAL AND INCENTIVE PAYS

APPENDIX G—DRAFT LEGISLATIVE PROPOSAL

This appendix contains a draft legislative proposal for amending title 37, United States Code, to reflect the special and incentive pay categorization scheme recommended by the 7th QRMC.

Honorable Thomas S. Foley
Speaker of the House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

Enclosed is a draft of legislation "To amend chapters 1 and 5 of title 37, United States Code, to categorize and organize special and incentive pays and to eliminate two pays that are no longer used." The Seventh Quadrennial Review of Military Compensation, which has been designated the representative of the Department of Defense for this proposal, recommends that the legislation be enacted.

Purpose of the Legislation

There is no coherent classification scheme for special and incentive pays. A classification system based on management objectives would make this element of the military compensation system more responsive to force management needs. Thus, one purpose of this legislative proposal is to categorize special and incentive pays to promote understanding and then to organize them into subchapters of chapter 5 of title 37 to facilitate management. Such an organization will facilitate the amendment process, avoid the appearance of improvisation, and contribute to the flexibility and effectiveness of the military compensation system.

Subchapter A has general application to the entire chapter. It includes the classification scheme for the reorganization of the chapter and the mechanism for adjusting special and incentive pays. It gathers into one section the general provisions applicable to the incentive pays for health professionals and into another section the general provisions applicable to reserve components of the armed forces. Finally, it includes a provision allowing the President to suspend special and incentive pays during wartime. Such pays may not be necessary during a protracted conflict when conscription and stop-loss would be in effect.

Subchapter B pertains to special pay for hazardous duty; it is provided in recognition of the dangerous nature of certain duties. Two hazardous duty pays, crew member flight pay and air weapons controller pay, are more oriented toward incentive than recognition and, thus, they are moved to the category of career incentive pays.

Subchapter C contains the career incentive pays; they are paid monthly to attract members to, or retain qualified members in, certain career fields, duty positions, or locations.

Subchapter D covers the skill incentive pays. They are paid as bonuses to attract or retain qualified members with critical skills. They are paid in exchange for agreements by recipients to perform specified terms of service.

This reorganization of chapter 5 does not substantially change existing law and will not increase Department of Defense personnel costs. Most current sections are merely renumbered and retitled. Some rewrite was necessary, however, to accommodate the move of two hazardous duty pays to the career incentive category. Similarly, many of the sections that provide incentive pays to health professionals are divided between subchapters C and D. The division of those sections, and the rewrite necessitated thereby, provided the opportunity to gather the administrative provisions on health professionals into one comprehensive section in subchapter A.

Another purpose of this legislative proposal is to eliminate two pays that are no longer used. A special pay for "persons" assigned to international military headquarters first appeared in the National Defense Appropriations Act for Fiscal Year 1970 (Public Law 91-171). It appeared every year thereafter in the same language under the heading "recurring provisions." Research revealed that the provision was used to authorize pay for nine civilian scientists assigned to a NATO antisubmarine warfare project. It was codified in 1985 as § 306a and "persons" was changed to "members." No "members" have ever been paid pursuant to this section. Similarly, the special pay for nuclear-trained and qualified enlisted members (§312a) has not been used since 1975. This pay was subsumed by the Selective Reenlistment Bonus program (§308). Elimination of these pays will not affect members of the uniformed services.

Cost and Budget Data

This proposed legislation does not change rates of special and incentive pays nor does it change classes of recipients. Therefore, it does not increase personnel costs to the services.

Sincerely,

Terrence O'Donnell

Enclosures:

Draft Bill

Sectional Cross-Reference Chart

A BILL

To amend chapters 1 and 5, title 37, United States Code, to categorize and organize special and incentive pays and to eliminate two pays that are no longer used.

1 Be it enacted by the Senate and House of Representatives of
2 the United States of America in Congress assembled,

3 **SECTION 1. SHORT TITLE**

4 This Act may be cited as the "Special and Incentive Pays
5 Reorganization Act of 1992."

6 **SECTION 2. DEFINITIONS**

7 Section 101 of chapter 1, title 37, is amended by adding
8 the following subsections at the end thereof:

9 "(26) The term 'special pay for hazardous duty' means a
10 pay provided certain members in recognition of the fact that
11 they perform duties or tasks that carry an unusual risk to
12 life or health.

13 "(27) The term 'career incentive pay' means a monthly pay
14 provided to attract or retain qualified members to certain
15 duty positions, career fields, or locations.

16 "(28) The term 'skill incentive pay' means a bonus
17 provided to qualified members in exchange for specified terms
18 of service.

19 "(29) The term 'medical officer' means a commissioned
20 officer of the armed forces, or a reserve component thereof,
21 who is designated a medical officer.

22 "(30) The term 'dental officer' means a commissioned
23 officer of the armed forces, or a reserve component thereof,
24 who is designated a dental officer.

1 "(31) The terms 'veterinarian' or 'veterinary officer' mean
2 a commissioned officer of the uniformed services, or a reserve
3 component thereof, who is designated a veterinary officer.

4 "(32) The terms 'optometrist' or 'optometry officer' mean a
5 commissioned officer of the uniformed services, or a reserve
6 component thereof, who is designated an optometry officer."

7 **SECTION 3. CHAPTER 5 REORGANIZATION**

8 (a) Statutory Reorganization.—Chapter 5 of title 37, United
9 States Code, is amended to read as follows—

 "Chapter 5—Special and Incentive Pays

"Subchapter
"A. General 301
"B. Special Pay for Hazardous Duty 311
"C. Career Incentive Pays 321
"D. Skill Incentive Pays 361

 "Subchapter A—General

- "301. Classification of special and incentive pays
- "302. Review of special and incentive pays
- "303. General provisions relating to health professionals
- "304. General provisions relating to members of reserve components of the
 armed forces
- "305. Suspension of special and incentive pays during wartime

10 **"§ 301. Classification of special and incentive pays**

11 "(a) Special pay for hazardous duty. This pay is provided
12 to recognize the dangerous nature of the duties its recipients
13 are required to perform. It is paid monthly and continues as
14 long as recipients qualify for it. Qualifications for special
15 pay for hazardous duty are defined by regulation or executive
16 order.

17 "(b) Career incentive pay. This pay is provided to attract
18 members to, or retain them in, certain locations, duty positions,
19 or career fields. It is paid monthly and continues as long as
20 recipients qualify for it. Qualifications for career incentive
21 pay are established by regulation or executive order.

1 "(c) Skill incentive pay. This bonus pay is provided to
2 attract skilled or qualified members to, or retain them in,
3 certain career specialties. It is paid as a lump sum or
4 annual installments in exchange for a specified term of
5 service.

6 "**§ 302. Review of special and incentive pays**

7 "(a) Special pay for hazardous duty. Whenever the
8 president considers it appropriate, but not less frequently
9 than once each four years after enactment of this section, he
10 shall direct a review of the rates and continued need for
11 special pays authorized by subchapter B of this title.

12 "(b) Incentive pays. The President shall direct an
13 annual review of the rates and need for incentive pays
14 authorized by subchapters C and D of this title.

15 "(c) Report. Upon completion of the above reviews, the
16 President shall submit a detailed report to Congress, in
17 conjunction with the report required by section 1008(a) of
18 this title, summarizing the results of the reviews together
19 with any recommendations for changes to this chapter.

20 "**§ 303. General provisions relating to incentive pays for**
21 **health professionals**

22 "(a) The Secretary of Defense for the Departments of the
23 Army, Navy, and Air Force, and the Secretary of Health and
24 Human Services for the Public Health Service shall prescribe
25 regulations for the administration of sections 324, 328, 330,
26 331, 332, 336, 337, 339, 341, 368, 369, 377, 378, 379, 380,
27 and 381 of this title.

1 "(b) Incentive pay authorized by this chapter is in addition
2 to any other pay or allowance to which a health professional is
3 entitled. It will not be included in computing the amount of any
4 increase in pay authorized by any other provision of this title
5 nor will it be included in computing retired pay, separation pay,
6 severance pay, or readjustment pay.

7 "(c) Pay pursuant to sections 368, 369, 377, 378, 379, 380,
8 and 381 is conditioned upon execution by the officer of an
9 agreement to complete a specified term of service. Such an
10 agreement may be terminated prior to expiration by the secretary
11 concerned; in that event, pay disbursed but not earned by the
12 officer must be refunded and is a debt owed the United States
13 which cannot be discharged in bankruptcy under title 11, United
14 States Code, entered within five years of termination of the
15 agreement. This paragraph applies to any case commenced under
16 title 11 after November 5, 1990.

17 "(d) Incentive pay pursuant to sections 324, 328, 330, 331,
18 332, 336, 337, 339, and 341 is paid monthly. Incentive pay
19 pursuant to sections 368, 369, 377, 378, 379, 380, and 381 is
20 paid annually.

21 "(e) Regulations prescribed pursuant to subsection (a) shall
22 include standards for determining internship, residency, and
23 board certification as those terms are used in this chapter.

24 "(f) For purposes of this chapter, creditable service includes
25 internship or residency (whether in military or civilian status)
26 and periods of active service as a health professional in the
27 Army, Navy, Air Force, or Public Health Service.

1 **"§ 304. General provisions relating to members of reserve**
2 **components of the armed forces**

3 "(a) Subject to regulations prescribed by authorities specified
4 in each of the following sections, members of reserve components of
5 the armed forces are authorized incentive pays pursuant to sections
6 332, 340, 366, 367, 371, 374, 375, and 376 of this title.

7 "(b) In addition to pays listed in subsection (a) above and
8 subject to regulations prescribed by, or at the direction of, the
9 President, members of reserve components of the armed forces are
10 eligible for special and incentive pays pursuant to sections 311,
11 321, 327, 329, 335, and 338 of this title.

12 "(c) A member of a reserve component who qualifies for special
13 or incentive pay pursuant to sections listed in subsection (b)
14 above, is entitled to an increase in compensation equal to $\frac{1}{30}$ of
15 the monthly pay authorized by those sections for each day of duty
16 for which he is entitled to basic pay and for each period of
17 instruction or period of equivalent training for which he is
18 entitled to compensation pursuant to section 206 of this title.

19 **"§ 305. Suspension of special and incentive pays during wartime**

20 "The President may, after a Congressional declaration of war or
21 national emergency, suspend pays authorized by this chapter.

 "Subchapter B-Hazardous Duty Pay

 "Sec.

 "311. Special pay for hazardous duty

 "312. General provisions relating to pay for hostile fire or imminent danger

 "313. Rate for special pay for hazardous duty

22 **"§ 311. Special pay for hazardous duty**

23 "(a) Subject to regulations prescribed by the President,
24 members are entitled to hazardous duty pay pursuant to this section.
25 Hazardous duties include:

1 "(1) participation in aerial flight not as a crew
2 member;

3 "(2) parachute jumping as an essential part of
4 military duty;

5 "(3) demolition of explosives as a primary duty or
6 training for such duty;

7 "(4) duty inside a high- or low-pressure chamber;

8 "(5) duty as a subject in acceleration,
9 deceleration, or thermal stress experiments;

10 "(6) participation in flight operations on the
11 flight deck of a ship from which aircraft are launched;

12 "(7) exposure to highly toxic pesticides;

13 "(8) laboratory work with live dangerous viruses or
14 bacteria;

15 "(9) servicing or testing of aircraft missile,
16 space, or experimental systems or components of such
17 systems during which highly toxic fuels or propellants
18 are used;

19 "(10) handling chemical munitions or components of
20 such munitions;

21 "(11) exposure to hostile fire or hostile mines,
22 duty in an area where there is imminent danger of such
23 exposure, or duty in an area threatened by insurrection,
24 terrorism, or war.

25 "(b) To qualify for special pay under subsections (a) (1),
26 (a) (6), or (a) (7), the performance of the duty must be
27 frequent and regular.

1 **"§ 312. General provisions relating to hostile fire or imminent**
2 **danger pay**

3 "(a) No member may be paid more than one special pay
4 pursuant to subsection 311(a)(11) for any month.

5 "(b) A member who was injured or wounded or who dies as the
6 result of hostile mines or hostile fire as referred to in
7 subsection 311(a)(11) may receive special pay for not more than
8 three months during which he is hospitalized in an area where
9 special pay is not otherwise authorized.

10 "(c) Any determination of fact made in administering
11 subsection 311(a)(11) is conclusive, is not subject to
12 review by any other officer or agency of the United States, but
13 may be changed on the basis of new evidence or for other good
14 cause.

15 **"§ 313. Rate for special pay for hazardous duty**

16 "Special pay for hazardous duty shall be \$110 per month for
17 duties listed in subsections 311(a)(1)-(10) but a rate for any
18 such duty that is higher at the time this section is enacted
19 shall not be reduced. Special pay for hazardous duty shall be
20 \$150 per month for duties listed in subsection 311(a)(11).

 "Subchapter C--Career Incentive Pays

"Sec.

"321. Air crew member

"322. Career sea pay

"323. While on duty at certain places

"324. Veterinarians

"325. Officers holding positions of unusual responsibility

"326. Special duty assignment pay for qualified enlisted members

"327. Diving duty

"328. Optometrists regular pay

"329. Aviation career incentive pay

"330. Medical officers variable pay

"331. Medical officers board certification pay

"332. Reserve medical officers pay

"333. Submarine pay

"334. Qualified enlisted members extending duty at designated overseas locations

"335. Air weapons controller

"336. Dental officers variable pay

"337. Dental officers board certification pay

- "338. Foreign language proficiency pay
- "339. Psychologists
- "340. Enlisted members of the Selected Reserve assigned to designated high-priority units
- "341. Nonphysician health care providers

1 **"§ 321. Air crew member**

2 "Subject to regulations prescribed by the President, a
 3 member who participates in frequent and regular aerial flight as
 4 a member of an air crew, and who is not entitled to aviation
 5 career incentive pay pursuant to section 329, is entitled to pay
 6 in accord with the following table:

Pay grade:	Monthly Rate
O-10	\$110
O-9	110
O-8	110
O-7	110
O-6	250
O-5	250
O-4	225
O-3	175
O-2	150
O-1	125
W-4	250
W-3	175
W-2	150
W-1	125
E-9	200
E-8	200
E-7	200
E-6	175
E-5	150
E-4	125
E-3	110
E-2	110
E-1	110

7 **"§ 322. Career sea pay**

8 "(a) Subject to regulations prescribed by the Secretary
 9 concerned, a member of a uniformed service who is entitled to
 10 basic pay is also entitled, while on sea duty, to incentive pay
 11 in accord with this section.

12 "(b) The monthly rates for incentive pay under subsection
 13 (a) of this section are as follows:

ENLISTED MEMBERS

Years of sea duty

Pay grade	1 or less	Over 1	Over 2	Over 3	Over 4	Over 5	Over 6	Over 7	Over 8
E-4	\$50	\$60	\$120	\$150	\$160	\$160	\$160	\$160	\$160
E-5	50	60	120	150	170	315	325	350	350
E-6	100	100	120	150	170	315	325	350	350
E-7	100	100	120	175	190	350	350	375	390
E-8	100	100	120	175	190	350	350	375	390
E-9	100	100	120	175	190	350	350	375	390
	Over 9	Over 10	Over 11	Over 12	Over 13	Over 14	Over 16	Over 18	
E-4	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160	
E-5	350	359	350	350	350	350	350	350	
E-6	365	365	365	380	395	410	425	450	
E-7	400	400	410	420	450	475	500	500	
E-8	400	400	410	420	450	475	500	520	
E-9	400	400	410	420	450	475	520	520	

WARRANT OFFICERS

Years of sea duty

Pay grade	1 or less	Over 1	Over 2	Over 3	Over 4	Over 5	Over 6	Over 7	Over 8
W-1	\$130	\$135	\$140	\$150	\$170	\$175	\$200	\$250	\$270
W-2	150	150	150	150	170	260	265	265	270
W-3	150	150	150	150	170	270	280	285	290
W-4	150	150	150	150	170	290	310	310	310
	Over 9	Over 10	Over 11	Over 12	Over 14	Over 16	Over 18	Over 20	
W-1	\$300	\$325	\$325	\$340	\$360	\$375	\$375	\$375	
W-2	310	340	340	375	400	400	400	400	
W-3	310	350	375	400	425	425	450	450	
W-4	310	350	375	400	450	450	500	500	

Commissioned Officers

Years of duty

Pay grade	Over 3	Over 4	Over 5	Over 6	Over 7	Over 8	Over 9	Over 10	Over 11
O-1	\$150	\$160	\$185	\$190	\$195	\$205	\$215	\$225	\$225
O-2	150	160	185	190	195	205	215	225	225
O-3	150	160	185	190	195	205	215	225	225
O-4	185	190	200	205	215	220	220	225	225
O-5	225	225	225	225	230	245	250	260	265
O-6	225	230	230	240	255	265	280	290	300
	Over 12	Over 14	Over 16	Over 18	Over 20				
O-1	\$240	\$250	\$260	\$270	\$280				
O-2	240	250	260	270	280				
O-3	240	260	270	280	290				
O-4	240	270	280	290	300				
O-5	265	285	300	315	340				
O-6	310	325	340	355	380				

1 " (c) A member of a uniformed service who is entitled to career
 2 sea pay under this section who has served 36 consecutive months of
 3 sea duty (other than an enlisted member in a pay grade above E-4

1 with more than five years of sea duty) is entitled to a career sea
2 pay premium of \$100 a month for the thirty-seventh consecutive month
3 and each subsequent consecutive month of sea duty served by such
4 member.

5 "(d) (1) In this section, the term "sea duty" means duty
6 performed by a member—

7 "(A) while permanently or temporarily assigned to a ship,
8 ship-based staff, or ship-based aviation unit and while serving
9 on a ship the primary mission of which is accomplished while
10 underway or while serving as a member of the off-crew of a
11 two-crewed submarine; or

12 "(B) while permanently or temporarily assigned to a ship
13 or ship-based staff and while serving on a ship the primary
14 mission of which is normally accomplished while in port, but
15 only during a period that the ship is away from its home port.

16 "(2) For the purpose of determining the years of sea duty with
17 which a member may be credited for purposes of this section, the
18 term "sea duty" also includes duty performed after December 31,
19 1988, by a member while permanently or temporarily assigned to a
20 ship or ship-based staff and while serving on a ship on which the
21 member would be entitled, during a period that the ship is away from
22 its home port, to receive sea pay by reason of paragraph (1) (B).

23 "(3) A ship is considered away from its home port for purposes
24 of this subsection when it is—

25 "(A) at sea; or

26 "(B) in a port that is more than 50 miles from its home
27 port.

1 **"§ 323. While on duty at certain places**

2 (a) Except as provided by subsections (b) and (c) of
3 this section, subject to regulations prescribed by the
4 Secretary concerned, an enlisted member of a uniformed
5 service who is entitled to basic pay may, while on duty at a
6 designated place outside the 48 contiguous States and the
7 District of Columbia, be paid incentive pay at the following
8 monthly rates:

Pay grade:	Monthly Rate
E-9	\$22.50
E-8	22.50
E-7	22.50
E-6	20.00
E-5	16.00
E-4	13.00
E-3	9.00
E-2	8.00
E-1	8.00

9 (b) Appropriations of the Department of Defense may not
10 be paid, as foreign duty pay under subsection (a) of this
11 section, to a member of a uniformed service who is a resident
12 of a State, Puerto Rico, the Virgin Islands, a possession, or
13 a foreign country and who is serving in that State, Puerto
14 Rico, the Virgin Islands, that possession, or that foreign
15 country, as the case may be.

16 (c) A member receiving incentive pay under section 322
17 of this title may not be paid incentive pay under this
18 section for the same period of service.

19 **"§ 324. Veterinarians**

20 "A veterinary officer, or a general who was a veterinary
21 officer when appointed, is entitled to incentive pay at the
22 rate of \$100 per month for periods of active duty (other than
23 active duty for training) in excess of thirty days.

1 **"§ 325. Officers holding positions of unusual responsibility**

2 "(a) The Secretary concerned may designate positions of unusual
3 responsibility which are of a critical nature to an armed force
4 under his jurisdiction and may pay incentive pay, in addition to
5 other pay prescribed by law, to an officer of an armed force who is
6 entitled to the basic pay of pay grade O-3, O-4, O-5, or O-6 and who
7 is performing the duties of such a position, at the following
8 monthly rates:

Pay grade:	Monthly Rate
O-6	\$150
O-5	100
O-4	50
O-3	50

9 "(b) The Secretary concerned shall prescribe the criteria and
10 circumstances under which officers of an armed force under his
11 jurisdiction are eligible for incentive pay under this section and,
12 when he considers it necessary, may abolish that incentive pay.

13 "(c) Not more than 5 percent of the officers on active duty
14 (other than active duty for training) in pay grade O-3 and not more
15 than 10 percent of the officers on active duty (other than active
16 duty for training) in pay grades O-4, O-5, or O-6, may be paid
17 incentive pay under this section.

18 "(d) This section shall be administered under regulations
19 prescribed by the Secretary of Defense for the armed forces under
20 his jurisdiction, and by the Secretary of Transportation for the
21 Coast Guard when the Coast Guard is not operating as a service in
22 the Navy.

23 "(e) This section does not apply to a person who is entitled
24 to incentive pay under sections 324, 328, 330, 331, 336, 337, 368,
25 369, 377, or 381 of this title.

1 **"§ 326. Special duty assignment pay for enlisted members**

2 "(a) An enlisted member who is entitled to basic pay and is
3 performing duties which have been designated under subsection (b)
4 of this section as extremely difficult or as involving an unusual
5 degree of responsibility in a military skill may, in addition to
6 other pay or allowances to which he is entitled, be paid special
7 duty assignment pay at a monthly rate not to exceed \$275.

8 "(b) The Secretary concerned shall determine which enlisted
9 members under his jurisdiction are to be paid special duty
10 assignment pay under subsection (a) of this section. He shall
11 also designate those skills within each armed force under his
12 jurisdiction for which special duty assignment pay is authorized
13 and shall prescribe the criteria under which members of that
14 armed force are eligible for special duty assignment pay in each
15 skill. He may increase, decrease, or abolish such pay for any
16 skill.

17 "(c) This section shall be administered under regulations
18 prescribed by the Secretary of Defense for the armed forces under
19 his jurisdiction and by the Secretary of Transportation for the
20 Coast Guard when the Coast Guard is not operating as a service in
21 the Navy.

22 **"§ 327. Diving duty**

23 "(a) Subject to regulations prescribed by the Secretary
24 concerned, a member of the uniformed services who is entitled to
25 basic pay is entitled to incentive pay, in the amount set forth
26 in subsection (b) of this section, for periods during which the
27 member—

1 "(1) is assigned by orders to the duty of diving;

2 "(2) is required to maintain proficiency as a diver by
3 frequent and regular dives; and

4 "(3) actually performs diving duty.

5 "(b) Incentive pay payable under subsection (a) of this
6 section shall be paid at a rate of not more than \$200 a month, in
7 the case of an officer, and at a rate of not more than \$300 a
8 month, in the case of an enlisted member.

9 **"§ 328. Optometrists**

10 "An optometry officer, or a general who was an optometry
11 officer when appointed, is entitled to incentive pay at the rate
12 of \$100 per month for periods of active duty (other than active
13 duty for training) in excess of thirty days.

14 **"§ 329. Aviation career incentive pay**

15 "(a) (1) Subject to regulations prescribed by the President,
16 a member of a uniformed service who is entitled to basic pay is
17 also entitled to aviation career incentive pay in the amount set
18 forth in subsection (b) of this section for the frequent and
19 regular performance of operational or proficiency flying duty
20 required by orders.

21 "(2) Aviation career incentive pay shall be restricted to
22 regular and reserve officers who hold, or are in training leading
23 to, an aeronautical rating or designation and who engage and
24 remain in aviation service on a career basis.

25 "(3) Under regulations prescribed by the Secretary of
26 Defense, the Secretary of Transportation with respect to the
27 Coast Guard when it is not operating as a service in the Navy, or

1 the Secretary of Commerce and the Secretary of Health and
2 Human Services with respect to members under their respective
3 jurisdiction, an officer (except a flight surgeon or other
4 medical officer) who is entitled to basic pay, holds an
5 aeronautical rating or designation, and is qualified for
6 aviation service under regulations prescribed by the
7 Secretary concerned, is entitled to continuous monthly
8 incentive pay in the amount set forth in subsection (b) of
9 this section that is applicable to him. A flight surgeon or
10 other medical officer who is entitled to basic pay, holds an
11 aeronautical rating or designation, and is qualified for
12 aviation service under regulations prescribed by the
13 Secretary concerned, is not entitled to continuous monthly
14 incentive pay but is entitled to monthly incentive pay in the
15 amounts set forth in subsection (b) of this section for the
16 frequent and regular performance of operational flying duty.

17 "(4) To be entitled to continuous monthly incentive pay,
18 an officer must perform the prescribed operational flying
19 duties (including flight training but excluding proficiency
20 flying) for 9 of the first 12, and 12 of the first 18 years
21 of the aviation service of the officer. However, if an
22 officer performs the prescribed operational flying duties
23 (including flight training but excluding proficiency flying)
24 for at least 10 but less than 12 of the first 18 years of the
25 aviation service of the officer, the officer will be entitled
26 to continuous monthly incentive pay for the first 22 years of
27 the officer's service as an officer. Entitlement to

1 continuous monthly incentive pay ceases for an officer (other
2 than a warrant officer) upon completion of 25 years of service as
3 an officer (as computed under section 205 of this title), but
4 such an officer in a pay grade below pay grade O-7 remains
5 entitled to monthly incentive pay under subsection (b)(1) of this
6 section for the performance of operational flying duty.

7 "(5) If, upon completion of either 12 or 18 years of
8 aviation service, it is determined that an officer has failed to
9 perform the minimum prescribed operational flying duty
10 requirements during the prescribed periods of time, his
11 entitlement to continuous monthly incentive pay ceases. For the
12 needs of the service, the Secretary concerned may permit, on a
13 case by case basis, an officer to continue to receive continuous
14 monthly incentive pay despite the failure of the officer to
15 perform the prescribed operational flying duty requirements
16 during the prescribed periods of time so long as the officer has
17 performed those requirements for not less than 6 years of
18 aviation service. If at the completion of 12 years of aviation
19 service entitlement to continuous monthly incentive pay ceases,
20 entitlement to that pay may again commence at the completion of
21 18 years of aviation service upon completion of the minimum
22 operational flying duty requirements, such pay to continue for a
23 period of time as prescribed in accordance with this section.
24 However, if entitlement to continuous monthly incentive pay
25 ceases in the case of any officer at the completion of either 12
26 or 18 years of aviation service, such officer remains entitled to
27 monthly incentive pay for the performance of subsequent

1 operational or proficiency flying duties up to the maximum period
2 of time prescribed in accordance with this section.

3 "(6) In this section:

4 "(A) The term "operational flying duty" means flying
5 performed under competent orders by rated or designated
6 members while serving in assignments in which basic flying
7 skills normally are maintained in the performance of
8 assigned duties, as determined by the Secretary concerned,
9 and flying performed by members in training that leads to
10 the award of an aeronautical rating or designation.

11 "(B) The term "proficiency flying duty" means flying
12 performed under competent orders by rated or designated
13 members while serving in assignments in which such skills
14 would normally not be maintained in the performance of
15 assigned duties.

16 "(C) The term "officer" includes an individual enlisted,
17 and designated, as an aviation cadet under section 6911 of
18 title 10.

19 "(b) A member who satisfies the requirements described in
20 subsection (a) of this section is entitled to monthly incentive
21 pay as follows:

22 "(1) For a member who is qualified under subsection (a)
23 of this section:

PHASE I

Years of aviation service (including flight training) as an officer:	Monthly rate
2 years or	\$125
Over 2	156
Over 3	188
Over 4	206
Over 6	650

PHASE II

Years of service as an officer:	Monthly rate
Over 18	\$585
Over 20	495
Over 22	385
Over 25	250

1 An officer is entitled to the rates in phase I of this
 2 table until he has completed 18 years of service as an
 3 officer, after which his entitlement is as prescribed by
 4 the rates in phase II, if he has completed at least 6
 5 years of aviation service as an officer. However, if he
 6 has over 18 years of service as an officer, but not at
 7 least 6 years of aviation service as an officer, he
 8 continues to be subject to the rates set forth in phase
 9 I of the table that apply to an officer who has less
 10 than 6 years of aviation service as an officer. An
 11 officer in a pay grade above O-6 is entitled, until he
 12 completes 25 years of service as an officer, to be paid
 13 at the rates set forth in this table, except that an
 14 officer in pay grade O-7 may not be paid at a rate
 15 greater than \$200 a month, and an officer in pay grade
 16 O-8, or above, may not be paid at a rate greater than
 17 \$206 a month.

18 "(2) For a warrant officer who is qualified under
 19 subsection (a) of this section:

Years of aviation service as an officer:	Monthly rate
2 or less	\$125
Over 2	156
Over 3	188
Over 4	206
Over 6	650

20 For the purposes of clauses (1) and (2) of this subsection, the
 21 term "aviation service" means the service performed, under

1 regulations prescribed by the Secretary concerned, by an officer,
2 and the years of aviation service are computed beginning with the
3 effective date of the initial order to perform aviation service.

4 "(c) The Secretary of Defense shall submit annually to
5 Congress a report specifying for the year covered by the report—

6 "(1) the total number of officers who were determined
7 under subsection (a) (5) to have failed to perform the
8 minimum prescribed operational flying duty requirements;

9 "(2) the number of those officers who continued to
10 receive continuous monthly incentive pay despite their
11 failure to perform the minimum prescribed operational flying
12 duty requirements and the extent to which they failed to
13 perform those requirements; and

14 "(3) the reasons for the exercise of the authority
15 under the second sentence of subsection (a) (5) in the case
16 of each officer specified pursuant to paragraph (2).

17 **"§ 330. Medical officers variable pay**

18 "A medical officer on active duty (other than active duty
19 for training) for a period in excess of thirty days is entitled
20 to incentive pay under one of the following subsections:

21 "(a) \$1,200 per year if the officer is undergoing medical
22 internship training;

23 "(b) \$5,000 per year if the officer has less than six years
24 of creditable service and is not undergoing medical internship
25 training;

26 "(c) \$12,000 per year if the officer has at least six but
27 less than eight years of creditable service;

1 "(d) \$11,500 per year if the officer has at least eight but less
2 than ten years of creditable service;

3 "(e) \$11,000 per year if the officer has at least ten but less
4 than twelve years of creditable service;

5 "(f) \$10,000 per year if the officer has at least twelve but
6 less than fourteen years of creditable service;

7 "(g) \$9,000 per year if the officer has at least fourteen but
8 less than eighteen years of creditable service;

9 "(h) \$8,000 per year if the officer has at least eighteen but
10 less than twenty-two years of creditable service;

11 "(i) \$7,000 per year if the officer has twenty-two or more years
12 of creditable service;

13 "(j) \$7,000 per year if the officer is in a pay grade above O-6.

14 **"§ 331. Medical officers board certification pay**

15 "A medical officer on active duty (other than active duty for
16 training) for a period in excess of 30 days, and who is board
17 certified, is entitled to incentive pay under one of the following
18 subsections:

19 "(a) \$2,500 per year if the officer has less than ten years of
20 creditable service;

21 "(b) \$3,500 per year if the officer has at least ten but less
22 than twelve years of creditable service;

23 "(c) \$4,000 per year if the officer has at least twelve but less
24 than fourteen years of creditable service.

25 **"§ 332. Reserve medical officers pay**

26 "Subject to regulations prescribed by the Secretary of Defense,
27 a medical officer in a reserve component of the armed forces is

1 entitled to incentive pay at the rate of \$15 per day for periods
2 of active duty of thirty days or less.

3 **"§ 333. Submarine duty**

4 "(a) (1) Subject to regulations prescribed by the Secretary of
5 the Navy, a member of the naval service who is entitled to basic
6 pay, and holds (or is in training leading to) a submarine duty
7 designator, is in and remains in the submarine service on a career
8 basis, and meets the requirements of paragraph (3) of this
9 subsection, is entitled to continuous monthly submarine duty
10 incentive pay in the amount set forth in subsection (b) of this
11 section.

12 "(2) Subject to regulations prescribed by the President, a
13 member of the naval service who is entitled to basic pay but is
14 not entitled to continuous monthly submarine duty incentive pay
15 under paragraph (1) of this subsection is entitled to submarine
16 duty incentive pay in the amount set forth in subsection (b) of
17 this section for any period during which such member performs
18 frequent and regular operational submarine duty (as defined in
19 paragraph (5) of this subsection) required by orders.

20 "(3) To be entitled to continuous monthly submarine duty
21 incentive pay through 26 years of service (as computed under
22 section 205 of this title, but excluding, in the case of an
23 officer, periods as an enlisted member before initial appointment
24 as an officer), a member must perform operational submarine duties
25 for at least 6 of the first 12, and at least 10 of the first 18
26 years of his submarine service. However, if a member performs the
27 prescribed operational submarine duties for at least 8 but less

1 than 10 of the first 18 years of his submarine service, he is
2 entitled to continuous monthly submarine duty incentive pay for
3 the first 22 years of his service (as computed under section 205
4 of this title, but excluding, in the case of an officer, periods
5 as an enlisted member before initial appointment as an officer).

6 "(4) If, upon completion of either 12 or 18 years of
7 submarine service, it is determined that a member has failed to
8 perform the minimum prescribed operational submarine duty
9 requirements during the prescribed periods of time, his
10 entitlement to continuous monthly submarine duty incentive pay
11 ceases. If entitlement to continuous monthly submarine duty
12 incentive pay ceases upon completion of 12 years of submarine
13 service, entitlement to that pay may again commence upon
14 completion of 18 years of submarine service if the minimum
15 operational submarine duty requirements have been met, and such
16 pay shall continue for the period of time prescribed in accordance
17 with this section. However, if entitlement to continuous monthly
18 submarine duty incentive pay ceases in the case of any member at
19 the completion of either 12 or 18 years of submarine service or 26
20 years of service (as computed under section 205 of this title, but
21 excluding, in the case of an officer, periods as an enlisted
22 member before initial appointment as an officer), such member
23 shall be entitled to that pay in the amount set forth in
24 subsection (b) of this section for the performance of subsequent
25 operational submarine duty, or for the performance of service as a
26 member of a submarine operational command staff, if such member's
27 duties require serving on a submarine during underway operations.

1 "(5) In this section:

2 "(A) The term "operational submarine duty" means duty

3 " (i) while attached under competent orders to a
4 submarine, while serving as an operator or crew
5 member of an operational submersible (including an
6 undersea exploration or research vehicle), while
7 undergoing training preliminary to assignment to a
8 nuclear-powered submarine, while undergoing
9 rehabilitation after assignment to a nuclear-powered
10 submarine, or, in the case of a member qualified in
11 submarines, while attached as a member of a submarine
12 operational command staff whose duties require
13 serving on a submarine during underway operations-

14 " (I) during one calendar month: 48 hours,
15 except that hours served underway in excess of
16 48 as a member of a submarine operational
17 command staff during any of the immediately
18 preceding five calendar months and not already
19 used to qualify for incentive pay may be applied
20 to satisfy the underway time requirements for
21 the current month;

22 " (II) during any two consecutive calendar
23 months when the requirements of subclause (I) of
24 this clause have not been met: 96 hours; or

25 " (III) during any three consecutive calendar
26 months when the requirements of subclause (II)
27 of this clause have not been met: 144 hours;

1 (ii) while receiving instruction to prepare for
2 assignment to a submarine of advanced design, or

3 (iii) while receiving instruction to prepare for
4 a position of increased responsibility on a submarine.

5 (B) The term "submarine service" means the service
6 performed, under regulations prescribed by the Secretary of
7 the Navy, by a member, and the years of submarine service
8 are computed beginning with the effective date of the
9 initial order to perform submarine service.

10 (b) A member who meets the requirements prescribed in
11 subsection (a) is entitled to monthly submarine duty incentive
12 pay as follows:

ENLISTED MEMBERS

Pay grade	Years of service computed under section 205						
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10
E-9	\$225	\$225	\$225	\$270	\$295	\$310	\$315
E-8	225	225	225	250	270	295	310
E-7	225	225	225	250	255	265	275
E-6	155	170	175	215	230	245	255
E-5	140	155	155	175	190	195	195
E-4	80	95	100	170	175	175	175
E-3	80	90	100	170	175	175	90
E-2	75	90	90	90	90	90	90
E-1	75	75	75	75	75	75	75
	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26
E-9	\$330	\$345	\$355	\$355	\$355	\$355	\$355
E-8	315	330	330	345	345	345	345
E-7	295	310	310	310	310	310	310
E-6	265	265	265	265	265	265	265
E-5	195	195	195	195	195	195	195
E-4	175	175	175	175	175	175	175
E-3	90	90	90	90	90	90	90
E-2	90	90	90	90	90	90	90
E-1	75	75	75	75	75	75	75

COMMISSIONED OFFICERS

Pay grade	Years of service computed under section 205						
	2 or less	Over 2	Over 3	Over 4	Over 5	Over 6	Over 10
O-10	\$355	\$355	\$355	\$355	\$355	\$355	\$355
O-9	355	355	355	355	355	355	355
O-8	355	355	355	355	355	355	355
O-7	355	355	355	355	355	355	355
O-6	595	595	595	595	595	595	595
O-5	595	595	595	595	595	595	595
O-4	365	365	365	405	595	595	595
O-3	355	355	355	390	595	595	595
O-2	235	235	235	235	235	235	355
O-1	175	175	175	175	175	175	355
	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26
O-10	\$355	\$355	\$355	\$355	\$355	\$355	\$355
O-9	355	355	355	355	355	355	355
O-8	355	355	355	355	355	355	355
O-7	355	355	540	355	535	410	355
O-6	595	595	595	595	595	595	595
O-5	595	595	595	595	595	595	595
O-4	595	595	595	595	595	595	595
O-3	595	595	595	595	595	595	595
O-2	355	355	355	355	355	355	355
O-1	355	355	355	355	355	355	355

WARRANT OFFICERS

Pay grade	Years of service computed under section 205						
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10
W-4	\$235	\$310	\$310	\$355	\$355	\$355	\$355
W-3	235	310	310	355	355	355	355
W-2	235	310	310	355	355	355	355
W-1	235	310	310	355	355	355	355
	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26
W-4	\$355	\$355	\$355	\$355	\$355	\$355	\$355
W-3	355	355	355	355	355	355	355
W-2	355	355	355	355	355	355	355
W-1	355	355	355	355	355	355	355

1 "(c) (1) An officer who fails of selection for assignment
2 as an executive officer or commanding officer of a submarine
3 or who declines to serve in either such position may not be
4 paid submarine duty incentive pay except for periods during
5 which the officer is serving on a submarine during underway
6 operations.

7 "(2) An enlisted member may not be paid continuous
8 submarine duty incentive pay while serving ashore between
9 submarine sea duty assignments unless the member has a

1 sufficient period of enlistment (including any extension of an
2 enlistment) remaining to be reassigned to submarine sea duty.

3 **"§ 334. Qualified enlisted members extending duty at designated**
4 **overseas locations**

5 "(a) Under regulations prescribed by the Secretary concerned,
6 an enlisted member of an armed force who-

7 "(1) is entitled to basic pay;

8 "(2) has a specialty that is designated by the Secretary
9 concerned for the purposes of this section;

10 "(3) has completed a tour of duty (as defined in
11 accordance with regulations prescribed by the Secretary
12 concerned) at a location outside the 48 contiguous States and
13 the District of Columbia that is designated by the Secretary
14 concerned for the purposes of this section; and

15 "(4) at the end of that tour of duty executes an
16 agreement to extend that tour for a period of not less than
17 one year;

18 is entitled, upon acceptance of the agreement providing for such
19 extension by the Secretary concerned, to incentive pay for duty
20 performed during the period of the extension at a rate of not more
21 than \$80 per month, as prescribed by the Secretary concerned.

22 "(b) A member who elects to receive rest and recuperative
23 absence or transportation at Government expense, or any combination
24 thereof, under section 705 of title 10 is not entitled to the
25 incentive pay authorized by this section for the period of
26 extension of duty for which the rest and recuperative absence or
27 transportation is authorized.

1 **"§ 335. Air weapons controller**

2 (a) Subject to regulations prescribed by the President, an
 3 officer, other than a warrant officer, who participates in
 4 frequent and regular aerial flight as an air weapons controller
 5 aboard an airborne warning and control systems aircraft, and who
 6 is not entitled to aviation career incentive pay pursuant to
 7 section 329, is entitled to compensation in accord with the
 8 following table:

Pay Grade	Years of service as an air weapons controller						
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10
O-7 and above	\$200	\$200	\$200	\$200	\$200	\$200	\$200
O-6	225	250	300	325	350	350	350
O-5	200	250	300	325	350	350	350
O-4	175	225	275	300	350	350	350
O-3	125	156	188	206	350	350	350
O-2	125	156	188	206	250	300	300
O-1	125	156	188	206	250	250	250

Pay grade	Years of service as an air weapons controller							
	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 24	Over 25
O-7 and above	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$110
O-6	350	350	350	350	300	250	250	225
O-5	350	350	350	350	300	250	250	225
O-4	350	350	350	350	300	250	250	225
O-3	350	350	350	300	275	250	225	200
O-2	300	300	300	275	245	210	200	180
O-1	250	250	250	245	210	200	180	150

9 (b) For purposes of this section, the years of service of an
 10 officer as an air weapons controller shall be computed from the date
 11 the officer begins training leading to a designation as an air
 12 weapons controller, but there shall be excluded from such
 13 computation any period of more than 90 days during which the officer
 14 performs primary duties other than as an air weapons controller.

15 **"§ 336. Dental officers variable pay**

16 "A dental officer on active duty (other than active duty for
 17 training) for a period in excess of 30 days is entitled to incentive
 18 pay under one of the following subsections:

1 "(a) \$1,200 per year if the officer is undergoing dental
2 internship training or has less than three years of creditable
3 service;

4 "(b) \$2,000 per year if the officer has at least three but
5 less than six years of creditable service and is not undergoing
6 dental internship training;

7 "(c) \$4,000 per year if the officer has at least six but
8 less than ten years of creditable service;

9 "(d) \$6,000 per year if the officer has at least ten but
10 less than fourteen years of creditable service:

11 "(e) \$4,000 per year if the officer has at least fourteen
12 but less than eighteen years of creditable service;

13 "(f) \$3,000 per year if the officer has eighteen or more
14 years of creditable service;

15 "(g) \$1,000 per year if the officer is in a pay grade above
16 O-6.

17 **"§ 337. Dental officers board certification pay**

18 "A dental officer on active duty (other than active duty for
19 training) for a period in excess of 30 days, and who is board
20 certified, is entitled to incentive pay under one of the
21 following subsections:

22 "(a) \$2,000 per year if the officer has less than twelve
23 years of creditable service;

24 "(b) \$3,000 per year if the officer has at least twelve but
25 less than fourteen years of creditable service;

26 "(c) \$4,000 per year if the officer has fourteen or more
27 years of creditable service."

1 **"§ 338. Foreign language proficiency pay**

2 "(a) Any member of the armed forces—

3 "(1) who is entitled to basic pay under section 204 of
4 this title;

5 "(2) who has been certified by the Secretary concerned
6 within the past 12 months to be proficient in a foreign
7 language identified by the Secretary of Defense as being a
8 language in which it is necessary to have personnel
9 proficient because of national defense considerations; and

10 "(3) who—

11 "(A) is qualified in a military specialty requiring
12 such proficiency;

13 "(B) received training, under regulations prescribed
14 by the Secretary concerned, designed to develop such
15 proficiency;

16 "(C) is assigned to military duties requiring such a
17 proficiency; or

18 "(D) is proficient in a foreign language for which
19 the Department of Defense may have a critical need (as
20 determined by the Secretary of Defense),

21 may be paid incentive pay under this section in addition to any
22 other pay or allowance to which the member is entitled.

23 "(b) The monthly rate for incentive pay under subsection (a)
24 shall be determined by the Secretary concerned and may not exceed
25 \$100.

26 "(c) This section shall be administered under regulations
27 prescribed by the Secretary of Defense for the armed forces under

1 his jurisdiction and by the Secretary of Transportation for the
2 Coast Guard when the Coast Guard is not operating as a service in
3 the Navy.

4 **"§ 339. Psychologists**

5 "(a) An officer of the Public Health Service, or the Reserve
6 Corps thereof, who is designated a psychologist and has been
7 awarded a diploma as a Diplomate in Psychology by the American
8 Board of Professional Psychologists is entitled to incentive pay
9 pursuant to this section. The Secretary of Defense may authorize
10 incentive pay pursuant to this section for a similarly qualified
11 officer of the armed forces on active duty (other than active
12 duty for training) for a period in excess of thirty days.

13 "(b) The rate of incentive pay for psychologists is:

14 "(1) \$2,000 per year if the officer has less than ten
15 years of creditable service;

16 "(2) \$2,500 per year if the officer has at least ten but
17 less than twelve years of creditable service;

18 "(3) \$3,000 per year if the officer has at least twelve
19 but less than fourteen years of creditable service;

20 "(4) \$4,000 per year if the officer has at least
21 fourteen but less than 18 years of creditable service;

22 "(5) \$5,000 per year if the officer has eighteen or more
23 years of creditable service.

24 **"§ 340. Enlisted members of the Selected Reserve assigned to**
25 **designated high priority units**

26 "(a) Subject to regulations prescribed by the Secretary of
27 Defense, an enlisted member who is assigned to a high priority

1 unit of the Selected Reserve of the Ready Reserve, as designated
2 under subsection (b), and who performs inactive duty for training
3 for compensation under section 206 of this title with such unit
4 may be paid compensation, in addition to the compensation to
5 which the member is otherwise entitled, in an amount not to
6 exceed \$10 for each regular period of instruction, or period of
7 equivalent training, at which the member is engaged for at least
8 four hours, including any such instruction or duty performed on a
9 Sunday or holiday.

10 "(b) The Secretary concerned may designate a unit, for the
11 purposes of subsection (a) and under such terms and conditions as
12 the Secretary considers appropriate, as a high priority unit if
13 that unit has experienced, or reasonably might be expected to
14 experience, critical personnel shortages. The Secretary may
15 vacate a designation made under this subsection at any time he
16 considers the designation no longer necessary.

17 "(c) Additional compensation may not be paid under this
18 section for inactive duty performed after September 30, 1992.

19 **"§ 341. Nonphysician health care providers**

20 "(a) The Secretary of Defense may authorize incentive pay
21 pursuant to this section for an officer in the armed forces on
22 active duty (other than active duty for training) for a period in
23 excess of 30 days, who is a health care provider (other than a
24 psychologist), who has a postbaccalaureate degree, and who is
25 certified by a professional board in the officer's specialty.

26 "(b) The rate of incentive pay for nonphysician health care
27 providers is:

1 "(1) \$2,000 per year if the officer has less than ten
2 years of creditable service;

3 "(2) \$2,500 per year if the officer has at least ten but
4 less than twelve years of creditable service;

5 "(3) \$3,000 per year if the officer has at least twelve
6 but less than 14 years of creditable service;

7 "(4) \$4,000 per year if the officer has at least
8 fourteen but less than eighteen years of creditable service;

9 "(5) \$ 5,000 per year if the officer has eighteen or
10 more years of creditable service.

"Subchapter D-Skill Incentive Pays

"Sec.

"361. Nuclear-qualified officers extending period of active duty

"362. Enlistment bonus

"363. Selective reenlistment bonus

"364. Nuclear career annual incentive bonus

"365. Nuclear career accession bonus

"366. Selected Reserve reenlistment bonus

"367. Selected Reserve enlistment bonus

"368. Medical officers additional pay

"369. Medical officers incentive pay

"370. Aviation career officers extending period of active duty

"371. Reserve affiliation agreement bonus

"372. Army enlistment bonus

"373. Engineering and scientific career continuation pay

"374. Ready Reserve (other than Selected Reserve) enlistment bonus

"375. Ready Reserve (other than Selected Reserve) bonus

"376. Prior service enlistment bonus

"377. Dental officers additional pay

"378. Registered nurses accession bonus

"379. Nurse anesthetists

"380. Medical officers multiyear retention bonus

"381. Optometrists retention pay

"382. Acquisition corps continuation pay

11 "**§ 361. Nuclear-qualified officers extending period of active**
12 **duty**

13 "(a) Under regulations to be prescribed by the Secretary of
14 the Navy, an officer of the naval service who-

15 "(1) is entitled to basic pay;

16 "(2) has the current technical qualification for duty in
17 connection with supervision, operation, and maintenance of
18 naval nuclear propulsion plants; and

1 "(3) executes a written agreement to remain on active
2 duty in connection with supervision, operation, and
3 maintenance of naval nuclear propulsion plants for a period
4 of three, four, or five years, so long as the new period of
5 obligated active service does not extend beyond the end of
6 26 years of commissioned service, in addition to any other
7 period of obligated active service;

8 may, upon the acceptance by the Secretary or his designee of the
9 written agreement, in addition to all other compensation to which
10 he is entitled, be paid a sum of money not to exceed \$12,000 for
11 each year of the active-service agreement. The Secretary of the
12 Navy shall determine annually the necessity for continuance of the
13 incentive pay and the rate of incentive pay per year for such
14 active service agreements accepted within each 12-month period.
15 Upon acceptance of the agreement by the Secretary or his designee,
16 the total amount payable shall be paid in equal annual installments
17 over the length of the contract, commencing at the expiration of
18 any existing period of obligated active service. The Secretary or
19 his designee may accept an active service agreement under this
20 section not more than one year in advance of the end of an
21 officer's existing period of obligated active service under such an
22 agreement. In such a case, the amount of the incentive pay may be
23 paid commencing with the date of acceptance of the agreement, with
24 the number of installments being equal to the number of years
25 covered by the contract plus one.

26 "(b) Pursuant to regulations prescribed by the Secretary of
27 the Navy and subject to such exceptions as may be prescribed in

1 those regulations, refunds, on a pro rata basis, of sums paid
2 pursuant to this section may be required if the officer having
3 received the payment fails to complete the full period of active
4 duty which he agreed to serve in connection with supervision,
5 operation, and maintenance of naval nuclear propulsion plants.

6 "(c) Nothing in this section shall alter or modify the
7 obligation of a regular officer to perform active service at
8 the pleasure of the President. Completion of the additional
9 period of active service under this section shall in no way
10 obligate the President to accept a resignation submitted by a
11 regular officer.

12 "(d) (1) An officer who is performing obligated service
13 under an agreement under subsection (a) of this section may,
14 if the amount that may be paid under such subsection is
15 higher than at the time the officer executed such agreement,
16 execute a new agreement under that subsection. The period of
17 such an agreement shall be a period equal to or exceeding the
18 original period of the officer's existing agreement, so long
19 as the period of obligated active service under the new
20 agreement does not extend beyond the end of 26 years of
21 commissioned service. If a new agreement is executed under
22 this subsection, the existing active-service agreement shall
23 be cancelled, effective on the day before an anniversary date
24 of that agreement after the date on which the amount that may
25 be paid under this section is increased.

26 "(2) This subsection shall be carried out under
27 regulations prescribed by the Secretary of the Navy.

1 "(e) The provisions of this section shall be effective only
2 in the case of officers who, on or before September 30, 1995,
3 execute the required written agreement to remain in active
4 service.

5 "**§ 362. Enlistment bonus**

6 "(a) Notwithstanding section 514(a) of title 10 or any other
7 law, under regulations prescribed by the Secretary of Defense, or
8 by the Secretary of Transportation with respect to the Coast
9 Guard when it is not operating as a service in the Navy, a person
10 who enlists in an armed force for a period of at least four years
11 in a skill designated as critical, or who extends his initial
12 period of active duty in that armed force to a total of at least
13 four years in a skill designated as critical, may be paid a bonus
14 in an amount prescribed by the appropriate Secretary, but not
15 more than \$12,000. The bonus shall be paid in periodic
16 installments, as determined by the appropriate Secretary, except
17 that the first installment may not exceed \$7,000 and the
18 remainder shall be paid in equal periodic installments which may
19 not be paid less frequently than once every 3 months.

20 "(b) Under regulations prescribed by the Secretary of
21 Defense, or by the Secretary of Transportation with respect to
22 the Coast Guard when it is not operating as a service in the
23 Navy, a person who voluntarily, or because of misconduct, does
24 not complete the term of enlistment for which a bonus was paid to
25 him under this section or a member who is not technically
26 qualified in the skill for which a bonus was paid to him under
27 this section (other than a person who is not qualified because of

1 injury, illness, or other impairment not the result of his or her
2 own misconduct) shall refund that percentage of the bonus that
3 the unexpired part of his or her enlistment is of the total
4 enlistment period for which the bonus was paid.

5 "(c) No bonus shall be paid under this section with respect
6 to any enlistment or extension of an initial period of active
7 duty in the armed forces made after September 30, 1992.

8 **"§ 363. Selective reenlistment bonus**

9 "(a) (1) A member of a uniformed service who-

10 "(A) has completed at least twenty-one months of
11 continuous active duty (other than active duty for
12 training) but not more than fourteen years of active
13 duty;

14 "(B) is qualified in a military skill designated as
15 critical by the Secretary of Defense, or by the Secretary
16 of Transportation with respect to the Coast Guard when it
17 is not operating as a service of the Navy; and

18 "(C) reenlists or voluntarily extends his enlistment
19 in a regular component of the service concerned for a
20 period of at least three years;

21 may be paid a bonus as provided in paragraph (2).

22 "(2) The bonus to be paid under paragraph (1) may not
23 exceed the lesser of the following amounts:

24 "(A) The amount equal to the product of-

25 "(i) ten times the monthly rate of basic pay to
26 which the member was entitled at the time of the
27 discharge or release of the member; and

1 "(ii) the number of years (or the monthly fractions
2 thereof) of the term of reenlistment or extension of
3 enlistment not to exceed six.

4 "(B) \$45,000.

5 "(3) Any portion of a term of reenlistment or extension of
6 enlistment of a member that, when added to the total years of
7 service of the member at the time of discharge or release,
8 exceeds 16 years may not be used in computing a bonus under
9 paragraph (2) (A) .

10 "(4) Notwithstanding paragraph (1) (B), a member who agrees
11 to train and reenlist for service in a military skill which, at
12 the time of that agreement, is designated as critical, may be
13 paid the bonus approved for that skill, at the rate in effect at
14 the time of agreement, upon completion of training and
15 qualification in that skill, if otherwise qualified under this
16 subsection and even if that skill is no longer designated as
17 critical at the time the member becomes eligible for payment of
18 the bonus.

19 "(b) (1) Bonus payments authorized under this section may be
20 paid in either a lump sum or in installments. If the bonus is
21 paid in installments, the initial payment shall not be less than
22 50 percent of the total bonus amount.

23 "(2) Of the bonuses paid under this section to members of a
24 uniformed service during a fiscal year, not more than 10 percent
25 may exceed \$20,000.

26 "(c) For the purpose of computing the reenlistment bonus in
27 the case of an officer with prior enlisted service who may be

1 entitled to a bonus under subsection (a) of this section, the
2 monthly basic pay of the grade in which he is enlisted, computed in
3 accordance with his years of service computed under section 205 of
4 this title, shall be used instead of the monthly basic pay to which
5 he was entitled at the time of his release from active duty as an
6 officer.

7 " (d) (1) A member who voluntarily or because of misconduct does
8 not complete the term of enlistment for which a bonus was paid under
9 this section or a member who is not technically qualified in the
10 skill for which a bonus was paid under this section (other than a
11 member who is not qualified because of injury, illness, or other
12 impairment not the result of his or her own misconduct) shall refund
13 that percentage of the bonus that the unexpired part of his or her
14 additional obligated service is
15 of the total reenlistment or extension period for which the bonus
16 was paid.

17 " (2) If a refund is not required under paragraph (1) in the
18 case of a member who fails to complete a term of enlistment, the
19 Secretary of Defense, with respect to the armed forces under the
20 Secretary's jurisdiction, and the Secretary of Transportation with
21 respect to the Coast Guard when it is not operating as a service in
22 the Navy, may decline to make any payment to a bonus installment
23 under this section that is due to be paid to the member after the
24 date on which the member fails to complete the term of enlistment
25 for which the bonus is being paid. The Secretary of Defense and the
26 Secretary of Transportation may prescribe the circumstances under
27 which bonus installments may be terminated under this paragraph.

1 "(e) For the purposes of determining the eligibility of a
2 member for a bonus under this section and of computing the amount of
3 that bonus--

4 "(1) any period of enlistment (including any extension of
5 an enlistment) (A) that is incurred by the member for the
6 purpose of continuing to qualify for continuous submarine duty
7 incentive pay under section 333 of this title, and (B) for
8 which no bonus is otherwise payable; or

9 "(2) any unserved period of two years or less of an
10 extension of an enlistment for which no bonus has been paid or
11 for which no bonus is otherwise payable under this section,
12 may, under regulations prescribed by the Secretary concerned, be
13 considered as part of an immediately subsequent term of
14 reenlistment or as part of an immediately subsequent voluntary
15 extension of an enlistment.

16 "(f) This section shall be administered under regulations
17 prescribed by the Secretary of Defense for the armed forces under
18 his jurisdiction and by the Secretary of Transportation with respect
19 to the Coast Guard when it is not operating as a service in the
20 Navy.

21 "(g) No bonus shall be paid under this section with respect to
22 any reenlistment, or voluntary extension of an active-duty
23 reenlistment, in the armed forces entered into after September 30,
24 1992.

25 "**§ 364. Nuclear career annual incentive bonus**

26 "(a) (1) Under regulations prescribed by the Secretary of the
27 Navy, an officer of the naval service who--

1 "(A) is entitled to basic pay;

2 "(B) is not above the pay grade O-6;

3 "(C) has completed his initial obligated active
4 service as an officer;

5 "(D) has, as a commissioned officer, successfully
6 completed training for duty in connection with the
7 supervision, operation, and maintenance of naval nuclear
8 propulsion plants; and

9 "(E) has the current technical qualifications for
10 duty in connection with the supervision, operation, and
11 maintenance of naval nuclear propulsion plants;

12 may, in addition to all other compensation to which he is
13 entitled, be paid an annual bonus in an amount not to exceed
14 \$10,000 for each nuclear service year.

15 "(2) In order to be eligible for an annual bonus for any
16 service year in accordance with this subsection, an otherwise
17 technically qualified officer must have been on active duty
18 on the last day of that nuclear service year.

19 "(3) The amount of the annual bonus to which an officer
20 would otherwise be entitled for a nuclear service year in
21 accordance with this subsection shall be reduced on a pro
22 rata basis for each day of that nuclear service year on which
23 he-

24 "(A) was not on active duty;

25 "(B) was not technically qualified for duty in
26 connection with the supervision, operation, and
27 maintenance of naval nuclear propulsion plants;

1 "(C) was performing obligated service as the result
2 of an active-service agreement executed under section 361
3 of this title; or

4 "(D) was entitled to receive aviation career
5 incentive pay in accordance with section 329 while
6 serving in a billet other than a billet that required
7 that the officer-

8 " (i) be technically qualified for duty in
9 connection with the supervision, operation, and
10 maintenance of naval nuclear propulsion plants; and

11 " (ii) be qualified for the performance of
12 operational flying duties.

13 "(b) (1) Under regulations prescribed by the Secretary of
14 the Navy, an officer of the naval service who-

15 "(A) is entitled to basic pay;

16 "(B) is not above the pay grade O-6;

17 "(C) has, as an enlisted member, received training
18 for duty in connection with the supervision, operation,
19 and maintenance of naval nuclear propulsion plants; and

20 "(D) has the current technical qualifications for
21 duty in connection with the supervision, operation, and
22 maintenance of naval nuclear propulsion plants;

23 may, in addition to all other compensation to which he is
24 entitled, be paid an annual bonus in an amount not to exceed
25 \$4,500 for each nuclear service year.

26 "(2) In order to be eligible for an annual bonus for any
27 nuclear service year in accordance with this subsection, an

1 otherwise technically qualified officer must have been on
2 active duty on the last day of that nuclear service year.

3 "(3) The amount of the annual bonus to which an officer would
4 otherwise be entitled in accordance with this subsection shall be
5 reduced on a pro rata basis for each day of that nuclear service
6 year on which he—

7 "(A) was not in an assignment involving the direct
8 supervision, operation, or maintenance of naval nuclear
9 propulsion plants;

10 "(B) was performing obligated service as the result of an
11 active-service agreement executed under section 361 of this
12 title; or

13 "(C) was entitled to receive aviation career incentive
14 pay in accordance with section 329 while serving in a
15 billet other than a billet—

16 "(i) involving the direct supervision, operation, or
17 maintenance of naval nuclear propulsion plants; and

18 "(ii) that required the officer be qualified for the
19 performance of operational flying duties.

20 "(c) Under regulations prescribed by the Secretary of the
21 Navy, an officer of the naval service who is not on active duty on
22 the last day of a nuclear service year or who, on or before the
23 last day of a nuclear service year, loses his technical
24 qualifications or advances from the pay grade of O-6 to a higher
25 pay grade may be paid a bonus in accordance with subsection (a) or
26 (b) of this section on a pro rata basis, if otherwise qualified,
27 unless termination of active duty or loss of technical

1 qualifications was voluntary or was the result of his own
2 misconduct.

3 "(d) For the purposes of this section, a "nuclear service
4 year" is any fiscal year beginning before October 1, 1995.

5 **"§ 365. Nuclear career accession bonus**

6 "(a) (1) Under regulations prescribed by the Secretary of the
7 Navy, an individual who is selected for officer naval nuclear power
8 training and who executes a written agreement to participate in a
9 program of training for duty in connection with the supervision,
10 operation, and maintenance of naval nuclear propulsion plants may
11 be paid a bonus of \$8,000 upon acceptance by the Secretary of the
12 written agreement. Upon acceptance of the agreement by the
13 Secretary, the amounts payable upon selection for training and upon
14 completion of training, respectively, as determined under
15 subsection (b) of this section, shall become fixed.

16 "(2) Under such regulations, and subject to such exceptions,
17 as the Secretary of the Navy may prescribe, an individual who has
18 entered into an agreement with the Secretary under this subsection,
19 who has been paid a bonus under this subsection, and who fails to
20 commence or satisfactorily complete the nuclear
21 power training specified in the agreement shall be required to
22 refund such bonus.

23 "(b) The Secretary of the Navy shall determine annually the
24 total amount of the bonus to be paid under this section and of that
25 amount the portions that are to be paid-

26 "(1) upon selection for officer naval nuclear power
27 training; and

1 "(2) upon successful completion, as a commissioned
2 officer, of training for duty in connection with the
3 supervision, operation, and maintenance of naval nuclear
4 propulsion plants.

5 "(c) The provisions of this section shall be effective only in
6 the case of officers who, on or before September 30, 1995, have
7 been accepted for training for duty in connection with the
8 supervision, operation, and maintenance of naval nuclear propulsion
9 plants.

10 **"§ 366. Selected Reserve reenlistment bonus**

11 "(a) An enlisted member of a reserve component who—

12 "(1) has completed less than ten years of total military
13 service; and

14 "(2) reenlists or voluntarily extends his enlistment for
15 a period of three years or for a period of six years in a
16 designated military skill, or in a designated unit, as
17 determined by the Secretary concerned, in the Selected Reserve
18 of the Ready Reserve of an armed force;

19 may be paid a bonus as provided in subsection (b).

20 "(b) The bonus to be paid under subsection (a) shall be—

21 "(1) an initial payment of—

22 "(A) an amount not to exceed \$1,250, in the case of a
23 member who reenlists or voluntarily extends his
24 enlistment for a period of three years; or

25 "(B) an amount not to exceed \$2,500, in the case of a
26 member who reenlists or voluntarily extends his
27 enlistment for a period of six years; and

1 "(2) a subsequent payment of an amount not to exceed
2 \$416.66 upon the completion of each year of the period of
3 such reenlistment or extension of enlistment during which
4 such member has satisfactorily participated in training with
5 his unit.

6 "(c) No member shall be paid more than one bonus under this
7 section.

8 "(d) A member who fails to participate satisfactorily in
9 training with his unit during a term of enlistment for which a
10 bonus is being paid to him or her under this section shall refund
11 an amount equal to the amount by which the amount of such bonus
12 exceeds the product of-

13 "(1) the number of months during that term of
14 enlistment during which such member participated
15 satisfactorily in training with his unit; and

16 "(2) \$69.44.

17 "(e) This section shall be administered under regulations
18 prescribed by the Secretary of Defense for the armed forces under
19 his jurisdiction and by the Secretary of Transportation for the
20 Coast Guard when it is not operating as a service of the Navy.

21 "(f) No bonus may be paid under this section to any enlisted
22 member who, after September 30, 1992, reenlists or voluntarily
23 extends his enlistment in a reserve component.

24 "**§ 367. Selected Reserve enlistment bonus**

25 "(a) Any person who enlists in the Selected Reserve of the
26 Ready Reserve of an armed force for a term of enlistment of not
27 less than six years, is a graduate of a secondary school, and has

1 never previously served in an armed force may be paid a bonus as
2 provided in subsection (b).

3 "(b) The amount and method of payment of a bonus to be paid
4 under subsection (a) shall be determined in accordance with
5 regulations prescribed under subsection (c), except that the
6 amount of such bonus may not exceed \$2,000 and-

7 "(1) one-half of the bonus shall be paid upon completion
8 of the initial active duty for training of such person; and

9 "(2) the remainder of the bonus may be paid in periodic
10 installments or in a lump sum, as determined by the
11 Secretary concerned.

12 "(c) This section shall be administered under regulations
13 prescribed by the Secretary of Defense for the armed forces under
14 his jurisdiction and by the Secretary of Transportation for the
15 Coast Guard when it is not operating as a service in the Navy.

16 "(d) A member who fails to participate satisfactorily in
17 training with his unit during a term of enlistment for which a
18 bonus has been paid to him under this section shall refund an
19 amount which bears the same ratio to the amount of the bonus
20 which has been paid to him as the unexpired part of such term of
21 enlistment bears to the total length of such term of enlistment.

22 "(e) No bonus may be paid under this section to any enlisted
23 member who, after September 30, 1992, enlists in the Selected
24 Reserve of the Ready Reserve of an armed force.

25 **"§ 368. Medical officers additional pay**

26 "Subject to subsection 303(c) of this title, a medical
27 officer is entitled to additional pay of \$15,000 for any twelve

1 month period of active duty during which the officer is not in
2 internship or initial residency training.

3 **"§ 369. Medical officers incentive pay**

4 "Subject to subsection 303(c) of this title, a medical
5 officer, who has completed internship and residency training, who
6 is determined by the Secretary concerned to be qualified in the
7 medical profession, and who is entitled to incentive pay pursuant
8 to section 330, may also be paid an amount not to exceed \$36,000
9 per year.

10 **"§ 370. Aviation career officers extending period of active duty**

11 "(a) BONUS AUTHORIZED.—An aviation officer described in
12 subsection (b) who, during the period beginning on January 1,
13 1989, and ending on September 30, 1992, executes a written
14 agreement to remain on active duty in aviation service for at
15 least one year may, upon the acceptance of the agreement by the
16 Secretary concerned, be paid a retention bonus as provided in
17 this section.

18 "(b) COVERED OFFICERS.—An aviation officer referred to in
19 subsection (a) is an officer of a uniformed service who—

20 "(1) is entitled to aviation career incentive pay under
21 section 329 of this title;

22 "(2) is in an aviation specialty designated by the
23 Secretary concerned (with the approval of the Secretary of
24 Defense in the case of the Secretary of a military
25 department) as a critical aviation specialty;

26 "(3) is in a pay grade below pay grade O-6;

27 "(4) is qualified to perform operational flying duty;

1 "(5) has completed at least six but less than 13 years
2 of active duty; and

3 "(6) has completed any active duty service commitment
4 incurred for undergraduate aviator training.

5 "(c) AMOUNT OF BONUS.—The amount of a retention bonus paid
6 under this section may not be more than—

7 "(1) \$12,000 for each year covered by the written
8 agreement, if the officer agrees to remain on active duty to
9 complete 14 years of commissioned service; or

10 "(2) \$6,000 for each year covered by the written
11 agreement, if the officer agrees to remain on active duty
12 for one or two years.

13 "(d) PRORATION.—The term of an agreement under subsection
14 (a) and the amount of the bonus under subsection (c) may be
15 prorated as long as such agreement does not extend beyond the
16 date on which the officer making such agreement would complete 14
17 years of commissioned service.

18 "(e) PAYMENT OF BONUS.—Upon the acceptance of a written
19 agreement under subsection (a) by the Secretary concerned, the
20 total amount payable pursuant to the agreement becomes fixed and
21 may be paid by the Secretary in either a lump sum or
22 installments.

23 "(f) ADDITIONAL PAY.—A retention bonus paid under this
24 section is in addition to any other pay and allowances to which
25 an officer is entitled.

26 "(g) REPAYMENT OF BONUS.—(1) If an officer who has entered
27 into a written agreement under subsection (a) and has received

1 all or part of a retention bonus under this section fails to
2 complete the total period of active duty specified in the
3 agreement, the Secretary concerned may require the officer to
4 repay the United States, on a pro rata basis and to the extent
5 that the Secretary determines conditions and circumstances
6 warrant, all sums paid under this section.

7 "(2) An obligation to repay the United States imposed under
8 paragraph 11 is for all purposes a debt owed to the United
9 States.

10 "(3) A discharge in bankruptcy under title 11 that is
11 entered less than 5 years after the termination of a written
12 agreement entered into under subsection (a) does not discharge
13 the officer signing the agreement from a debt arising under such
14 agreement or under paragraph (1). This paragraph applies to any
15 case commenced under title 11 after January 1, 1989.

16 "(h) REGULATIONS.—The Secretaries concerned shall prescribe
17 regulations to carry out this section. Regulations prescribed by
18 the Secretary of a military department shall be subject to the
19 approval of the Secretary of Defense.

20 "(i) REPORTS.—(1) Not later than February 15 of each year,
21 the Secretaries concerned shall submit to the Secretary of
22 Defense a report analyzing the effect of the provision of
23 retention bonuses to aviation officers during the preceding
24 fiscal year on the retention of qualified aviators. Each report
25 shall include—

26 "(A) a comparison of the cost of paying bonuses to
27 officers who enter into an agreement for the period referred

1 to in subsection (c)(1) with the cost of paying bonuses to
2 officers who enter into an agreement for a period referred
3 to in subsection (c)(2);

4 "(B) a description of the increase in the retention of
5 qualified aviators as a result of the program; and

6 "(C) an examination of the desirability of targeting the
7 retention bonus program toward officers in a critical
8 aviation specialty rather than on the basis of experience or
9 other criteria.

10 "(2) Not later than March 15 of each year, the Secretary of
11 Defense shall submit to the Committees on Armed Services of the
12 Senate and House of Representatives copies of the reports
13 submitted to the Secretary under paragraph (1) with regard to the
14 preceding fiscal year, together with such comments and
15 recommendations as the Secretary considers appropriate.

16 "(j) LIMITATION ON PAYMENTS FOR FISCAL YEAR 1990.—(1) The
17 total amount of payments made under this section to officers of
18 the Air Force during fiscal year 1990 may not exceed \$78,000,000.

19 (2) The total amount of payments made under this section to
20 officers of the Navy during fiscal year 1990 may not exceed
21 \$30,000,000.

22 "(k) DEFINITIONS.—In this section:

23 "(1) The term 'aviation service' means the service
24 performed by an officer holding an aeronautical rating or
25 designation (except a flight surgeon or other medical officer).

26 "(2) The term 'aviation specialty' means a community of
27 pilots identified by type of aircraft or weapon system or a

1 community of other designated aeronautical officers so
2 identified.

3 "(3) The term 'critical aviation specialty' means an
4 aviation specialty in which there exists a shortage of
5 officers on the date of designation under subsection (b).

6 "(4) The term 'operational flying duty' has the meaning
7 given such term in section 329(a)(6)(A) of this title.

8 **"§ 371. Reserve affiliation agreement bonus**

9 "(a) Subject to regulations prescribed by the Secretary of
10 Defense, the Secretary of a military department may pay a bonus
11 for reserve affiliation to any person-

12 "(1) who-

13 "(A) is serving on active duty, has 180 days or less
14 remaining of his or her active duty obligation, and upon
15 discharge or release from active duty upon the
16 completion of such active duty obligation will have a
17 reserve service obligation under section 651 of title 10
18 or under section 6(d)(1) of the Military Selective
19 Service Act (50 U.S.C. App. 456(d)(1)); or

20 "(B) has served on active duty for any period of
21 time, was discharged or released from such active duty
22 under honorable conditions, and is serving a period of
23 reserve service obligation under section 651 of title 10
24 or section 6(d)(1) of the Military Selective Service Act
25 (50 U.S.C. App. 456(d)(1)); and

26 "(2) who meets the requirements of subsection (b) of
27 this section.

1 "(b) To be eligible to receive a bonus for reserve
2 affiliation under this section, a person must—

3 "(1) be eligible for reenlistment or for an extension of
4 his or her active duty service;

5 "(2) have completed satisfactorily any term of
6 enlistment or period of obligated active duty service;

7 "(3) hold and be qualified in a military specialty
8 designated by the Secretary of Defense for the purposes of
9 this section;

10 "(4) have a grade for which there is a vacancy in the
11 reserve component in which the person is to become a member;

12 "(5) not be affiliated in a reserve component to become
13 a Reserve, Army National Guard, or Air National Guard
14 Technician;

15 "(6) enter into a written agreement with the Secretary
16 concerned to serve as a member of the Selected Reserve of
17 the Ready Reserve of an armed force for the period of
18 obligated reserve service such person has remaining or, if
19 such person is on active duty, will have remaining at the
20 time of his discharge or release from active duty; and

21 "(7) meet all the other requirements for becoming a
22 member of the Selected Reserve of the Ready Reserve of an
23 armed force.

24 "(c) (1) The amount of the bonus paid to any person under
25 this section shall be an amount determined by multiplying up to
26 \$50 as determined by the Secretary concerned times the number of
27 months of reserve obligation such person has remaining or, if

1 such person is on active duty, will have remaining at the time of
2 his discharge or release from active duty.

3 "(2) In the case of a person who has, or at the time of
4 discharge or release from active duty will have, eighteen months
5 or less reserve service obligation remaining, the Secretary
6 concerned may pay the total amount of the bonus at the time such
7 person signs a reserve affiliation agreement under this section.
8 In the case of a person who has, or at the time of discharge or
9 release from active duty will have, more than eighteen months of
10 such service remaining, the Secretary concerned may pay one-half
11 of the bonus at the time such person signs a reserve affiliation
12 agreement under this section and the remaining one-half on the
13 date of the fifth anniversary of such person's original
14 enlistment or call to active duty.

15 "(d) (1) A person who signs a reserve affiliation agreement
16 under this section and who fails during the period covered by
17 such agreement to serve satisfactorily in the Selected Reserve in
18 which such person agrees to serve shall refund to the United
19 States an amount which bears the same ratio to the amount of the
20 bonus paid to such person as the period which such person failed
21 to serve satisfactorily bears to the total period for which the
22 bonus was paid.

23 "(2) An obligation to reimburse the United States imposed
24 under paragraph (1) of this subsection is for all purposes a debt
25 owed to the United States.

26 "(3) A discharge in bankruptcy under title 11 that is
27 entered less than 5 years after the termination of an agreement

1 under this section does not discharge the person signing such
2 agreement from a debt arising under such agreement or under
3 paragraph (1) of this subsection. This paragraph applies to any
4 case commenced under title 11 after September 30, 1980.

5 "(e) No bonus may be paid under this section to any person
6 for a reserve obligation agreement entered into after September
7 30, 1992.

8 **"§ 372. Army enlistment bonus**

9 "(a) Under regulations prescribed by the Secretary of the
10 Army, a person—

11 "(1) who is a high school graduate (or has received a
12 high school education equivalency certificate);

13 "(2) whose score on the Armed Forces Qualification Test
14 is at or above the fiftieth percentile; and

15 "(3) who enlists in the Army for a period of at least 3
16 years in a skill designated as critical,

17 may be paid a bonus in an amount prescribed by the Secretary of
18 the Army not to exceed \$4,000. The bonus may be paid in lump sum
19 or in equal periodic installments, as determined by the Secretary
20 of the Army.

21 "(b) (1) Under regulations prescribed by the Secretary of the
22 Army, a person who voluntarily, or because of his misconduct,
23 does not complete the term of enlistment for which a bonus
24 was paid to him under this section, or a person who is not
25 technically qualified in the skill for which a bonus was paid
26 to him under this section (other than a person who is not
27 qualified because of injury, illness, or other impairment not

1 the result of his own misconduct), shall refund to the United
2 States that percentage of the bonus that the unexpired part
3 of his enlistment is of the total enlistment period for which
4 the bonus was paid.

5 "(2) An obligation to reimburse the United States imposed
6 under paragraph (1) of this subsection is for all purposes a debt
7 owed to the United States.

8 "(3) A discharge in bankruptcy under title 11 that is
9 entered less than 5 years after the termination of an agreement
10 under this section does not discharge the member signing such
11 agreement from a debt arising under such agreement or under
12 paragraph (1) of this subsection. This paragraph applies to any
13 case commenced under title II after September 30, 1981.

14 "(c) No bonus may be paid under this section with respect to
15 an enlistment in the Army after September 30, 1992.

16 **"§ 373. Engineering and scientific career continuation pay**

17 "(a) In this section, the term "engineering or scientific
18 duty" means service performed by an officer-

19 "(1) that requires an engineering or science degree; and

20 "(2) that requires a skill designated (under
21 regulations prescribed by the Secretary of Defense for
22 the armed forces, by the Secretary of Commerce for the
23 National Oceanic and Atmospheric Administration, or by
24 the Secretary of Health and Human Services for the
25 Public Health Service) as critical and as a skill in
26 which there is a critical shortage of officers in the
27 uniformed service concerned.

1 "(b) Under regulations prescribed by the Secretary
2 concerned, an officer of a uniformed service who-

3 "(1) is entitled to basic pay;

4 "(2) is below the pay grade of O-7;

5 "(3) holds a degree in engineering or science from an
6 accredited college or university;

7 "(4) has been certified by the Secretary concerned as
8 having the technical qualifications for detail to
9 engineering or scientific duty;

10 "(5) has completed at least three but less than nineteen
11 years of engineering or scientific duty as an officer; and

12 "(6) executes a written agreement to remain on active
13 duty for detail to engineering or scientific duty for at
14 least one year, but not more than four years;

15 may, upon acceptance of the written agreement by the Secretary
16 concerned, be paid, in addition to all other compensation to
17 which the officer is entitled, an amount not to exceed \$3,000
18 multiplied by the number of years, or monthly fraction thereof of
19 obligated service to which the officer agrees under the
20 agreement. The total amount payable may be paid in a lump sum or
21 in equal periodic installments, as determined by the Secretary
22 concerned.

23 "(c) (1) An officer who does not serve on active duty for the
24 entire period for which he has been paid under subsection (b) of
25 this section shall refund that percentage of the payment that the
26 unserved part of the period is of the total period for which the
27 payment was made. Nothing in this subsection shall alter or

1 modify the obligation of a regular officer to perform active
2 service at the pleasure of the President. Completion by a
3 regular officer of the total period of obligated service
4 specified in an agreement under subsection (b) of this section
5 does not obligate the President to accept a resignation submitted
6 by that officer.

7 "(2) Subject to paragraph (3) of this subsection, an
8 obligation to reimburse the United States imposed under paragraph
9 (1) of this subsection is for all purposes a debt owed to the
10 United States.

11 "(3) The Secretary concerned may waive, in whole or in part,
12 a refund required under paragraph (1) of this subsection if the
13 Secretary concerned determines that recovery would be against
14 equity and good conscience or would be contrary to the best
15 interests of the United States.

16 "(4) A discharge in bankruptcy under title 11 that is
17 entered less than five years after the termination of an
18 agreement under this section does not discharge the member
19 signing such agreement from a debt arising under such agreement
20 or under paragraph (1) of this subsection. This paragraph
21 applies to any case commenced under title 11 after September 30,
22 1981.

23 **"§ 374. Ready Reserve (other than Selected Reserve) enlistment**
24 **bonus**

25 "(a) An eligible person who enlists in a combat or combat
26 support skill of an element (other than the Selected Reserve) of
27 the Ready Reserve of an armed force for a term of enlistment of

1 not less than six years, and who has not previously served in an
2 armed force, may be paid a bonus as provided in subsection (b) of
3 this section.

4 "(b) Eligibility for and the amount and method of payment of
5 a bonus under this section shall be determined in accordance with
6 regulations prescribed under subsection (g) of this section,
7 except that the amount of such a bonus may not exceed \$1,000.

8 "(c) A bonus may not be paid under this section for a term
9 of enlistment to any person who fails to complete satisfactorily
10 initial active duty for training or who, upon completion of
11 initial active duty for training, elects to serve the remainder
12 of the term of enlistment in the Selected Reserve or in an active
13 component of an armed force.

14 "(d) A person who receives a bonus payment under this
15 section and who fails during the period for which the bonus was
16 paid to serve satisfactorily in the element of the Ready Reserve
17 with respect to which the bonus was paid shall refund to the
18 United States an amount which bears the same ratio to the amount
19 of the bonus paid to such person as the period which such person
20 failed to serve satisfactorily bears to the total period for
21 which the bonus was paid.

22 "(e) An obligation to reimburse the United States imposed
23 under subsection (d) of this section is, for all purposes, a debt
24 owed to the United States.

25 "(f) A discharge in bankruptcy under title 11 that is
26 entered less than five years after the termination of an
27 enlistment for which a bonus was paid under this section does not

1 discharge the person receiving such bonus payment from the debt
2 arising under subsection (d) of this section. This subsection
3 applies to any case commenced under title 11 after September 24,
4 1983.

5 "(g) This section shall be administered under regulations
6 prescribed by the Secretary of Defense for the armed forces
7 under his jurisdiction and by the Secretary of Transportation
8 for the Coast Guard when it is not operating as a service in
9 the Navy.

10 "(h) A bonus may not be paid under this section to any
11 person for an enlistment after September 30, 1992.

12 **"§ 375. Ready Reserve (other than Selected Reserve) bonus**

13 "(a) (1) An eligible person who is or has been a member of
14 an armed force and who reenlists, enlists, or voluntarily
15 extends an enlistment in a combat or combat support skill of
16 an element (other than the Selected Reserve) of the Ready
17 Reserve of an armed force for a period of three years, or for
18 a period of six years, beyond any other period the person is
19 obligated to serve may be paid a bonus as provided in
20 subsection (b) of this section.

21 "(2) A bonus may not be paid under this section to a
22 person who has failed to complete satisfactorily any original
23 term of enlistment in the armed forces.

24 "(b) (1) Eligibility for and the amount and method of
25 payment of a bonus under this section shall be determined
26 under regulations to be prescribed under subsection (f) of
27 this section.

1 "(2) The amount of a bonus under this section

2 "(A) may not exceed \$1,500 in the case of a person who
3 enlists for a period of six years; and

4 "(B) may not exceed \$750 in the case of a person who
5 enlists for a period of three years.

6 "(3) A bonus paid under this section shall be paid as
7 follows:

8 "(A) In the case of a bonus under paragraph (2) (A) of
9 this subsection-

10 "(i) \$500 shall be paid at the time of the
11 reenlistment, enlistment, or extension of enlistment for
12 which the bonus is paid; and

13 "(ii) the remainder shall be paid in equal annual
14 increments.

15 "(B) In the case of a bonus under paragraph (2) (B) of
16 this subsection, the amount of the bonus shall be paid in
17 equal annual increments.

18 "(c) A person who receives a bonus payment under this
19 section and who fails during the period for which the bonus was
20 paid to serve satisfactorily in the Ready Reserve shall refund to
21 the United States an amount which bears the same ratio to the
22 amount of the bonus paid to such person as the period which such
23 person failed to serve satisfactorily bears to the total period
24 for which the bonus was paid.

25 "(d) An obligation to reimburse the United States imposed
26 under subsection (c) of this section is, for all purposes, a debt
27 owed to the United States.

1 "(e) A discharge in bankruptcy under title 11 that is
2 entered less than five years after the termination of a
3 reenlistment, enlistment, or extension for which a bonus was paid
4 under this section does not discharge the person receiving such
5 bonus payment from the debt under subsection (c) of this section.
6 This subsection applies to any case commenced under title 11
7 after September 24, 1983.

8 "(f) (1) This section shall be administered under regulations
9 to be prescribed by the Secretary of Defense for the armed forces
10 under his jurisdiction and by the Secretary of Transportation for
11 the Coast Guard when it is not operating as a service in the
12 Navy.

13 "(2) Regulations under this section may require that as a
14 condition of receiving a bonus under this section the person
15 receiving a bonus agrees to participate in an annual muster of
16 the Reserves, or in active duty for training, as may be required
17 by the Secretary concerned.

18 "(g) A bonus may not be paid under this section to any
19 person for a reenlistment, enlistment, or voluntary extension of
20 an enlistment after September 30, 1992.

21 "**§ 376. Prior service enlistment bonus**

22 "(a) (1) A person who is a former enlisted member of an armed
23 force who enlists in the Selected Reserve of the Ready Reserve of
24 an armed force for a period of three or six years in a critical
25 military skill designated for such a bonus by the Secretary
26 concerned and who meets the requirements of paragraph (2) may be
27 paid a bonus as prescribed in subsection (b).

1 "(2) A bonus may only be paid under this section to a person
2 who-

3 "(A) has completed his military service obligation but
4 has less than 10 years of total military service;

5 "(B) has received an honorable discharge at the
6 conclusion of military service;

7 "(C) is not being released from active service for the
8 purpose of enlistment in a reserve component; and

9 "(D) has not previously been paid a bonus for
10 enlistment, reenlistment, or extension of enlistment in a
11 reserve component.

12 "(b) The bonus to be paid under subsection (a) shall be-

13 "(1) an initial payment of-

14 "(A) an amount not to exceed \$1,250, in the case of a
15 member who enlists for a period of three years; or

16 "(B) an amount not to exceed \$2,500, in the case of a
17 member who enlists for a period of six years; and

18 "(2) a subsequent payment of an amount not to exceed
19 \$416.66 upon the completion of each year of the period of
20 such reenlistment or extension of enlistment during which
21 such member has satisfactorily participated in unit
22 training.

23 "(c) A member may not be paid more than one bonus under this
24 section.

25 "(d) A person who receives a bonus payment under this
26 section and who fails during the period for which the bonus was
27 paid to serve satisfactorily in the element of the Selected

1 Reserve of the Ready Reserve with respect to which the bonus was
2 paid shall refund to the United States an amount that bears the
3 same relation to the amount of the bonus paid to such person as
4 the period that such person failed to serve satisfactorily bears
5 to the total period for which the bonus was paid.

6 "(e) An obligation to reimburse the United States imposed
7 under subsection (d) of this section is, for all purposes, a debt
8 owed to the United States.

9 "(f) Subject to regulations prescribed pursuant to
10 subsection (h) of this section, the Secretary concerned may
11 remit or cancel the whole or any part of an obligation to
12 reimburse the United States imposed under subsection (d) of
13 this section.

14 "(g) A discharge in bankruptcy under title 11 that is
15 entered less than five years after the termination of an
16 enlistment for which a bonus was paid under this section
17 shall not discharge the person receiving such bonus payment
18 from the debt arising under subsection (d) of this section.
19 This subsection applies to any case commenced under title 11
20 after September 30, 1985.

21 "(h) This section shall be administered under regulations
22 prescribed by the Secretary of Defense for the armed forces
23 under his jurisdiction and by the Secretary of Transportation
24 for the Coast Guard when the Coast Guard is not operating as
25 a service in the Navy.

26 "(i) No bonus may be paid under this section to any
27 person for an enlistment after September 30, 1992.

1 **"§ 377. Dental officers additional pay**

2 "Subject to subsection 303(c) of this title, a dental
3 officer is entitled to additional pay pursuant to one of the
4 following subsections for any twelve month period of active duty
5 during which the officer is not in internship or residency
6 training:

7 "(a) \$6,000 if the officer has at least three but less than
8 fourteen years of creditable service;

9 "(b) \$8,000 if the officer has at least fourteen but less
10 than eighteen years of creditable service:

11 "(c) \$10,000 if the officer has eighteen or more years of
12 creditable service.

13 **"§ 378. Registered nurses accession bonus**

14 "(a) ACCESSION BONUS AUTHORIZED.—(1) A person who is a
15 registered nurse and who, during the period beginning on November
16 29, 1989, and ending on September 30, 1992, executes a written
17 agreement described in subsection (c) to accept a commission as
18 an officer and remain on active duty for a period of not less
19 than four years may, upon the acceptance of the agreement by the
20 Secretary concerned, be paid an accession bonus in an amount
21 determined by the Secretary concerned.

22 "(2) The amount of an accession bonus under paragraph (1)
23 may not exceed \$5,000.

24 "(b) LIMITATION ON ELIGIBILITY FOR BONUS.—A person may not
25 be paid a bonus under subsection (a) if—

26 "(1) the person, in exchange for an agreement to accept
27 an appointment as an officer, received financial assistance

1 from the Department of Defense to pursue a baccalaureate
2 degree; or

3 "(2) the Secretary concerned determines that the person
4 is not qualified to become and remain licensed as a
5 registered nurse.

6 "(c) AGREEMENT.—The agreement referred to in subsection (a)
7 shall provide that, consistent with the needs of the uniformed
8 service concerned, the person executing the agreement will be
9 assigned to duty, for the period of obligated service covered by
10 the agreement, as an officer of the Nurse Corps of the Army or
11 Navy, an officer of the Air Force designated as a nurse, or an
12 officer designated as a nurse in the commissioned corps of the
13 Public Health Service.

14 "(d) REPAYMENT.—An officer who receives a payment under
15 subsection (a) and who fails to become and remain licensed as a
16 registered nurse during the period for which the payment is made
17 shall refund to the United States an amount equal to the full
18 amount of such payment in accord with subsection 303(c) of this
19 title.

20 **"§ 379. Nurse anesthetists**

21 "(a) PAY AUTHORIZED.—(1) An officer described in subsection
22 (b) (1) who, during the period beginning on November 29, 1989, and
23 ending on September 30, 1992, executes a written agreement to
24 remain on active duty for a period of one year or more may, upon
25 the acceptance of the agreement by the Secretary concerned, be
26 paid incentive pay in an amount not to exceed \$6,000 for any
27 12-month period.

1 "(2) The Secretary concerned shall determine the amount
2 of incentive pay to be paid to an officer under paragraph
3 (1). In determining that amount, the Secretary concerned
4 shall consider the period of obligated service provided for
5 in the agreement under that paragraph.

6 "(b) COVERED OFFICERS.—(1) An officer referred to in
7 subsection (a) is an officer of a uniformed service who—

8 "(A) is an officer of the Nurse Corps of the Army or
9 Navy, an officer of the Air Force designated as a nurse,
10 or an officer designated as a nurse in the commissioned
11 corps of the Public Health Service;

12 "(B) is a qualified certified registered nurse
13 anesthetist; and

14 "(C) is on active duty under a call or order to
15 active duty for a period of not less than one year.

16 "(2) The Secretary of Defense may extend the special pay
17 authorized under subsection (a) to officers of the armed
18 forces who serve in a nursing specialty (other than as nurse
19 anesthetists) that—

20 "(A) is designated by the Secretary as critical to
21 meet requirements (whether such specialty is designated
22 as critical to meet wartime or peacetime requirements);
23 and

24 "(B) requires postbaccalaureate education and training.

25 (c) TERMINATION OF AGREEMENT.—An agreement executed pursuant
26 to this section may be terminated in accord with subsection
27 303(c) of this title.

1 **"§ 380. Medical officers multiyear retention bonus**

2 "A medical officer in a pay grade below O-7, who has
3 completed residency training (or will do so by the end of the
4 fiscal year), who executes an agreement pursuant to subsection
5 303(c) of this title for a period of two, three, or four years,
6 and who has at least eight years of creditable service or has
7 completed any other active duty service commitment, is entitled
8 to incentive pay in an amount not to exceed \$14,000 per year of
9 the agreement. The bonus for two or three year agreements shall
10 be reduced to reflect the shorter service obligation. The
11 specific amount of the bonus shall be determined in each case by
12 the Secretary of Defense.

13 **"§ 381. Optometrists retention pay**

14 "Subject to subsection 303(c) of this title, an officer of
15 the armed forces who is entitled to pay pursuant to section 328,
16 who has completed any active duty service commitment incurred for
17 education and training, who is not undergoing internship or
18 residency training, and who is determined by the secretary
19 concerned to be qualified as an optometrist, may be paid
20 retention pay of not more than \$6,000 for any twelve month period
21 of active duty.

22 **"§ 382. Acquisition corps continuation pay**

23 "(a) BONUS AUTHORIZED.—An officer described in subsection
24 (b) who executes a written agreement to remain on active duty in
25 a critical acquisition position for at least one year may, upon
26 the acceptance of the agreement by the Secretary concerned, be
27 paid a retention bonus as provided in this section.

1 "(b) COVERED OFFICERS.—An officer referred to in subsection
2 (a) is an officer of the Army, Navy, Air Force, or Marine Corps
3 who—

4 "(1) is a member of an Acquisition Corps selected to
5 serve in, or serving in, a critical acquisition position
6 designated under section 1733 of title 10; and

7 "(2) is eligible to retire, or is assigned to such
8 position for a period that will extend beyond the date on
9 which the officer will be eligible to retire, under any
10 provision of law.

11 "(c) AMOUNT OF BONUS.—The amount of a bonus paid under this
12 section for each year a member agrees to remain on active duty
13 may not be more than 15 percent of the annual rate of basic pay
14 paid to the member at the time the member executes a written
15 agreement to under this section.

16 "(d) PAYMENT OF BONUS.—Upon the acceptance of a written
17 agreement under subsection (a) by the Secretary concerned, the
18 total amount payable pursuant to the agreement becomes fixed and
19 may be paid by the Secretary in either a lump sum or
20 installments.

21 "(e) ADDITIONAL PAY.—A bonus paid under this section is in
22 addition to other pay and allowances to which an officer is
23 entitled.

24 "(f) REPAYMENT OF BONUS.—(1) If an officer who has entered
25 into a written agreement under subsection (a) and who has
26 received all or part of a bonus under this section fails to
27 complete the total period of active duty specified in the

1 agreement, the Secretary concerned may require the officer to
2 repay the United States, on a pro rata basis and to the extent
3 that the Secretary determines conditions and circumstances
4 warrant, all sums paid under this section.

5 "(2) An obligation to repay the United States imposed under
6 paragraph (1) is for all purposes a debt owed to the United
7 States.

8 "(3) A discharge in bankruptcy under title 11 that is
9 entered less than 5 years after the termination of a written
10 agreement entered into under subsection (a) does not discharge
11 the officer signing the agreement from a debt arising under such
12 agreement or under paragraph (1). This paragraph applies to any
13 case commenced under title 11 after January 1, 1991.

14 "(g) PERIOD OF COMMITMENT.—The period of active duty agreed
15 upon by an officer in a written agreement under this section is
16 in addition to any other service commitment of the officer,
17 except that any period of active duty agreed upon in a written
18 agreement under subsection (a) (2) or (b) (2) of section 1734 of
19 title 10 by the officer may be counted concurrently with the
20 commitment under this section.

21 "(h) REGULATIONS.—The Secretaries concerned shall prescribe
22 regulations to carry out this section. Regulations prescribed by
23 the Secretary of a military department shall be subject to the
24 approval of the Secretary of Defense."

SECTION-BY-SECTION ANALYSIS

SPECIAL AND INCENTIVE PAYS REORGANIZATION ACT OF 1992

Section 1 cites this act as the "Special and Incentive Pays Reorganization Act of 1992."

Section 2 adds new definitions to chapter 1, section 101, Definitions, of title 37.

Subsection 101(26) provides a general definition of special pay for hazardous duty and includes a standard for adding other hazardous duties to the category. Currently, the Code defines "hazardous duty" merely by listing the included duties.

Subsection 101(27) establishes a category of "career" incentive pays intended to alleviate persistent manpower problems in certain duty positions, locations, or career fields. They are paid each month that the member qualifies.

Subsection 101(28) establishes a category of "skill" incentive pays intended to alleviate short term or cyclical manpower problems. They are paid as bonuses in exchange for commitments to specified terms of service.

Subsections 101(29) and 101(30) define medical and dental officers of the armed forces in accord with sections 301d, 302, and 302b of current law.

Subsections 101(31) and 101(32) define veterinarians and optometrists of the uniformed services in accord with sections 302a and 303 of current law.

Section 3 reorganizes chapter 5 of title 37 into four subchapters. Subchapter A contains administrative and general information on the classification of special and incentive pays, a periodic review process, health professionals, reserve components, and suspension of hazardous duty and incentive pays during wartime. Subchapter B covers special pay for hazardous duty. Subchapter C covers career incentive pays. Subchapter D covers skill incentive pays.

Subchapter A is divided into five sections, § 301 through § 305.

§ 301 classifies hazardous duty and incentive pays into special pay for hazardous duty, career incentive pay, and skill incentive pay.

§ 302 establishes a periodic review of special and incentive pays to determine whether they should be adjusted or discontinued. Upon completion of the review, comments will be included in the report to Congress currently required by section 1008(a).

§ 303 combines several administrative provisions common to incentive pays for health professionals. It incorporates provisions of sections 303a, 302 and 302b of current law.

§ 304 consolidates several common provisions that apply to the reserve components. It lists the incentive pays that are available only to members of the reserve components, those that are available to members of both the active and reserve components, and then explains how the second group of pays should be calculated. The calculation process is the same as that in the current law. § 304 incorporates provisions in sections 301(f), 301a(d), 301c(d), 304(d) and 316c of current law.

§ 305 allows the President, after a Congressional declaration of war or national emergency, to suspend special and incentive pays. When conscription is in effect, incentive pays are not needed for accessions; when a stop-loss is in effect, they are not needed for retention. Further, during wartime, all military duties become more hazardous and the rationale for distinguishing some duties with additional compensation is not so apparent.

Subchapter B, Special Pay for Hazardous Duty, is divided into three sections, § 311, § 312, and § 313. These three sections incorporate the language in sections 301, hazardous duty, and 310, hostile fire or imminent danger, of current law.

Hazardous duty pays for air crew member and air weapons controller, were moved to Subchapter C, Career Incentive Pays, § 321 and § 335, respectively. Hazardous duty pay provisions for the reserve components were moved to subchapter A. In addition, the limitations under current law on members receiving more than two hazardous duty pays and the limitation on recipients of diving duty pay receiving only one hazardous duty pay were deleted from this bill. No rationale could be found to support such limitations.

We have concluded that any determination of which duties were more hazardous would be a subjective one and therefore recommended that all of them be compensated at the same rate. All hazardous duties are now compensated at the rate of \$110 per month under current law except for high altitude with a low opening (HALO) parachute pay. Public Law 102-25 raised hostile fire pay to \$150 for Operation Desert Storm; both the House and Senate versions of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (H.R. 2100 and S. 1507) make the increase permanent. This section recognizes the current rate for hazardous duty pay, contemplates the increase to the rate for hostile fire pay, and includes a grandfather clause for HALO pay.

Subchapter C lists career incentive pays, § 321 through § 341. It is organized chronologically and, to the extent that organization is maintained, it discourages interposition

of additional pays in an effort to group them by type. This section does not change rates of pay or classes of recipients.

§ 321, Air crew member, renumbers and retitles subsection 301(a)(1).

§ 322, Career sea pay, renumbers and retitles section 305a and transfers rule-making responsibility, in accord with current Executive Order 11157, to the Secretary concerned.

§ 323, While on duty at certain places, renumbers and retitles section 305 and changes "special" to "incentive"; as in the previous section, this section transfers rule-making responsibility to the Secretary concerned.

§ 324, Veterinarians, renumbers, retitles, and rewrites section 303. Sections 614 of H.R.2100 and 643 of S. 1507, the House and Senate versions of the National Defense Authorization Act for 1992, make reserve medical officers on active duty eligible for incentive pays previously only available to active component personnel. The rewrite of this section contemplates passage of one of the aforementioned provisions.

§ 325, Officers holding positions of unusual responsibility, renumbers and retitles section 306 and changes "special" to "incentive".

§ 326, Special duty assignment pay, renumbers and retitles section 307.

§ 327, Diving duty, renumbers and retitles section 304, and changes "special" to "incentive" and deletes subsection 304(c) which limited recipients to one hazardous duty pay.

§ 328, Optometrists regular pay, renumbers, retitles, and rewrites subsection 302a(a). The rewrite of this section contemplates passage of one of the provisions cited in § 324.

§ 329, Aviation career incentive pay, renumbers and retitles section 301a, aviation career incentive pay.

§ 330, Medical officers variable pay, renumbers, retitles, and rewrites subsections 302(a)(1), (2), and (3). The rewrite of section contemplates passage of one of the provisions cited in § 324.

§ 331, Medical officers board certification pay, renumbers, retitles, and rewrites subsection 302(a)(5). The rewrite of this section contemplates passage of one of the provisions cited in § 324.

§ 332, Reserve medical officers pay, renumbers, retitles, and rewrites subsection 302(h). The rewrite of this section contemplates passage of one of the provisions cited in § 324.

§ 333, Submarine duty, renumbers and retitles section 301c.

§ 334, Qualified enlisted members extending duty at designated overseas locations, renumbers and retitles section 314.

§ 335, Air Weapons controller, renumbers, retitles, and rewrites subsection 302b(a)(11).

§ 336, Dental officers variable pay, renumbers, retitles, and rewrites subsections 302b(1)-(3). The rewrite of this section contemplates passage of one of the provisions cited in § 324.

§ 337, Dental officers board certification pay, renumbers, retitles and rewrites subsection 302b(a)(5). The rewrite contemplates passage of one of the provisions cited in § 324.

§ 338, Foreign language proficiency pay, renumbers and retitles section 316 and changes "special" to "incentive".

§ 339, Psychologist, renumbers, retitles and rewrites section 302c(a)-(c). The rewrite of the subsection contemplates passage of one of the provisions cited in § 324.

§ 340, Enlisted personnel of the Selected Reserve assigned to designated high priority units, renumbers and retitles, section 308d.

§ 341, Nonphysician health care providers, renumbers, retitles, and rewrites section 302c(d). The rewrite of the section contemplates passage of one of the provisions cited in § 324.

Subchapter D lists Skill Incentive Pays, §361 through § 382 and is also organized chronologically. This subchapter does not change rates of pay or classes of recipients.

§ 361, Nuclear-qualified officers extending period of active duty, renumbers and retitles section 312 and changes "special" to "incentive".

§ 362, enlistment bonus, renumbers and retitles section 308a.

§ 363, Selective reenlistment bonus, renumbers and retitles section 308 and deletes the subsection that references section 312a which was deleted by this bill.

§ 364, Nuclear career annual incentive bonus, renumbers and retitles section 312c and changes the sections referenced.

§ 365, Nuclear career accession bonus, renumbers and retitles section 312b.

§ 366, Selected Reserve reenlistment bonus, renumbers and retitles section 308b.

§ 367, Selected Reserve enlistment bonus, renumbers and retitles section 308c.

§ 368, Medical officers additional pay, renumbers, retitles, and rewrites section 302(a)(4).

§ 369, Medical officers incentive pay, renumbers, retitles, and rewrites section 302(b).

§ 370, Aviation career officers extending period of active duty, renumbers and retitles section 301b and changes the numbers of sections referenced.

§ 371, Reserve affiliation agreement bonus, renumbers and retitles section 308e.

§ 372, Army enlistment bonus, renumbers and retitles section 308f.

§ 373, Engineering and scientific career continuation pay, renumbers and retitles section 315.

§ 374, Ready Reserve (other than Selected Reserve) enlistment bonus, renumbers and retitles section 308g.

§ 375, Ready Reserve (other than Selected Reserve) bonus, renumbers and retitles section 308h.

§ 376, Prior service enlistment bonus, renumbers and retitles section 308i.

§ 377, Dental officers additional pay, renumbers, retitles, and rewrites section 302b(a)(4) pay.

§ 378, Registered nurses accession bonus, renumbers and retitles section 302d. It also amends references to the agreement required and consequences for violation thereof as those matters are covered by the new § 303 on general provisions relating to health professionals.

§ 379, Nurse anesthetists, renumbers and retitles section 302e.

§ 380, Medical officers multiyear retention bonus, renumbers, retitles, and rewrites section 301d,

§ 381, Optometrists retention pay, renumbers, retitles, and rewrites section 302a(b).

§ 382, Acquisition corps continuation pay, renumbers and retitles section 317.

The reorganization of chapter 5 deletes two pays that are no longer used, section 306a, Special pay: members assigned to international military headquarters, and section 312a, Special pay, nuclear-trained and qualified enlisted members. The National Defense Appropriations Act for Fiscal Year 1970 appropriated funds for not more than nine "persons" assigned to international military headquarters. That same section appeared in subsequent appropriations acts, under the heading of recurring provisions, until codified in 1984. Research revealed that the original appropriation was established to provide salaries for nine civilian scientists assigned to a NATO antisubmarine warfare project. When codified, "persons" was changed to "members." No members have ever been paid pursuant to section 306a. The pay authorized by section 312a has been subsumed by the Selective Reenlistment Bonus program and has not been used since 1975.

SECTIONAL CROSS-REFERENCE CHART

SOURCE SECTION, NEW SECTION NUMBER, NEW SECTION TITLE

SOURCE	NEW	TITLE
306a	None	No new §
312a	None	No new §
No current §	301	Classification of special and incentive pays
No current §	302	Review of special and incentive pays
302, 302b, 302d, 302e, 303a	303	General provisions relating to health professionals
301, 301a, 301c, 304, 316	304	General provisions relating to members of reserve components of the armed forces
301, 301a, 304	305	Suspension of special and incentive pays during time of war or national emergency
301, 310	311	Hazardous duty
310	312	General provisions relating to hostile fire or imminent danger pay
301, 310	313	Rate for special pay
301(a) (1)	321	Air crew member
305a	322	Career sea pay
305	323	While on duty at certain places
303	324	Veterinarians
306	325	Officers holding positions of unusual responsibility
307	326	Special duty assignment pay for qualified enlisted members
304	327	Diving duty
302a(a)	328	Optometrists regular pay
301a	329	Aviation career incentive pay
302(a) (1) - (3)	330	Medical officers variable pay
302(a) (5)	331	Medical officers board certification pay
302(h)	332	Reserve medical officers pay
301c	333	Submarine duty
314	334	Qualified enlisted members extending duty at designated overseas locations
301(a) (11)	335	Air weapons controller
302b(a) (1) - (3)	336	Dental officers variable pay
302b(a) (5)	337	Dental officers board certification pay
316	338	Foreign language proficiency pay
302c(a) - (c)	339	Psychologists
308d	340	Enlisted members of the Selected Reserve assigned to designated high priority units
302c(d)	341	Nonphysician health care providers
312	361	Nuclear-qualified officers extending period of active duty

308a	362	Enlistment bonus
308	363	Selective reenlistment bonus
312c	364	Nuclear career annual incentive bonus
312b	365	Nuclear career accession bonus
308b	366	Selected Reserve reenlistment bonus
308c	367	Selected Reserve enlistment bonus
302(a) (4)	368	Medical officers additional pay
302(b)	369	Medical officers incentive pay
301b	370	Aviation career officers extending period of active duty
308e	371	Reserve affiliation agreement bonus
308f	372	Army enlistment bonus
315	373	Engineering and scientific career continuation pay
308g	374	Ready Reserve (other than Selected Reserve) enlistment bonus
308h	375	Ready Reserve (other than Selected Reserve) bonus
308i	376	Prior service enlistment bonus
302b(a) (4)	377	Dental officers additional pay
302d	378	Registered nurses accession bonus
302e	379	Nurse anesthetists
301d	380	Medical officers multiyear retention bonus
302a(b)	381	Optometrists retention pay
3i7	382	Acquisition corps continuation pay

SPECIAL AND INCENTIVE PAYS

APPENDIX H—DRAFT EXECUTIVE ORDER

This appendix contains a draft rewrite of Executive Order 11157 that conforms to the proposed changes in title 37 of the United States Code (Appendix G).

1 EXECUTIVE ORDER NUMBER XXXXX

2 REGULATIONS REGARDING SPECIAL AND INCENTIVE PAY

3 By virtue of the authority vested in me by chapter 5 of title
4 37, United States Code, and as President of the United States and
5 Commander in Chief of the uniformed services of the United States,
6 it is hereby ordered as follows:

7 PART I - DEFINITIONS AND GENERAL PROVISIONS

8 SEC. 101. Definitions. For purposes of these regulations and to
9 implement concomitant provisions of chapter 5 of title 37, United
10 States Code:

11 (a) The term "aerial flight" means flight in an aircraft or
12 spacecraft. A flight begins when the aircraft or spacecraft takes
13 off from rest from any point of support located on the surface of
14 the earth and terminates when it next comes to a complete stop at a
15 point of support located on the surface of the earth.

16 (b) The term "parachute jumping as an essential part of
17 military duty" means parachute jumping by members who have
18 received, or are training for, a rating as a parachutist or
19 parachute rigger and who are required by the nature of their duty
20 assignment to engage in parachute jumping from an aircraft in
21 aerial flight.

22 (c) The term "demolition of explosives" means duty performed
23 by members who,

24 (1) demolish objects or explosives by detonating explosive
25 devices or material or recover and render harmless, by disarming
26 or demolition, explosives which have failed to function as intended
27 or which are a hazard;

1 (2) participate as students or instructors in training for
2 the duties described in clause (1) hereof provided that live
3 explosives are used in such training;

4 (3) participate in proficiency training for the
5 maintenance of skill in the duties described in clause (1) hereof
6 provided that live explosives are used in such training; or

7 (4) test, experiment with, or develop tools, equipment, or
8 procedures for use in conjunction with the duties described in
9 clause (1) provided that live explosives are used.

10 (d) The term "duty inside high- or low-pressure chambers"
11 means duty performed in pressure chambers by members assigned to
12 perform the same at training, treatment, research, or operational
13 facilities.

14 (e) The term "duty as a subject in acceleration/deceleration
15 or thermal stress experiments" means duty during which members
16 are exposed to the forces of acceleration or deceleration or to
17 thermal stress while serving as human subjects in experiments
18 conducted under the supervision of a facility designated by the
19 Secretary concerned.

20 (f) The term "participation in flight operations on the
21 flight deck of a ship from which aircraft are launched" means
22 flight deck duty by members, from the crew of a ship from which
23 aircraft are launched or from an aviation unit operating from
24 such a ship, assigned to perform the same.

25 (g) The term "exposure to highly toxic pesticides" means the
26 conduct of fumigations using phosphine, sulfuryl fluoride,
27 hydrogen cyanide, methyl bromide, or fumigants of comparable

1 toxicity by members assigned to perform entomology, pest control,
2 pest management, or preventive medicine functions for an
3 installation or uniformed service. The term does not include the
4 use of solid fumigant formulations, such as aluminum phosphide,
5 magnesium phosphide, or calcium cyanide, in the outdoor control
6 of burrowing animals.

7 (h) The term "laboratory work with live dangerous viruses or
8 bacteria" means duty performed by members assigned to a facility
9 working with micro-organisms that cause disease that has a high
10 potential for mortality, for which no effective therapeutic
11 procedures are available, and for which no effective prophylactic
12 immunization exists. Such work entails research characterized by
13 a variety of techniques, procedures, equipment and experiments.

14 (i) The term "servicing or testing of aircraft, missile,
15 space, or experimental systems or components of such systems
16 during which highly toxic fuels or propellants are used" means
17 duty performed by members that requires them to wear the Rocket
18 Fuel Handler's Clothing Outfit, or comparable protective clothing
19 and equipment, during operations involving nitrogen tetroxide,
20 inhibited red-fuming nitric acid, hydrazine, or other fuels or
21 propellants of comparable toxicity.

22 (j) The term "handling chemical munitions or components of
23 such munitions" means duty performed by members which requires
24 physical handling of toxic chemical munitions or chemical surety
25 material incident to manufacture, storage, maintenance, testing,
26 surveillance, assembly, disassembly, laboratory analysis,
27 demilitarization, shipment, detoxification, or disposal of said

1 munitions or material. The term does not include the handling of
2 individual components of binary chemical agents or munitions, nor
3 does it include user handling of Research, Development, Testing,
4 and Evaluation dilute solutions of toxic chemicals, nor does it
5 include the handling of riot control agents, smoke, flame, or
6 incendiary munitions, chemical defoliants or herbicides, or
7 industrial chemicals.

8 (k) The term "exposure to hostile fire or hostile mines,
9 duty in an area where there is imminent danger of such exposure,
10 or duty in an area threatened by insurrection, terrorism, or war"
11 means members are assigned to perform duty in an area designated
12 a hostile fire zone by the Secretary of Defense.

13 SEC. 102. Supplementary regulations. The Secretaries concerned
14 shall prescribe such supplementary regulations not inconsistent
15 herewith as they deem necessary to implement these regulations
16 and concomitant provisions of chapter 5 of title 37. Such
17 supplementary regulations shall be uniform for all the services
18 to the fullest extent practicable.

19
20 PART II - SPECIAL PAY FOR HAZARDOUS DUTY

21 SEC. 201. Authority for special pay. A member is entitled to
22 special pay for performing hazardous duties specified in section
23 311 of title 37, United States Code, when those duties are
24 performed in accord with definitions and standards prescribed
25 herein.

26 SEC. 202. Authority to perform hazardous duty. A member is
27 entitled to special pay for hazardous duty performed if the

1 member's rating routinely requires the performance of hazardous
2 duty or if the member is ordered by competent authority to
3 perform hazardous duty.

4 SEC. 203. Incapacitation resulting from hazardous duty. Special
5 pay for hazardous duty shall continue for a period not to exceed
6 three months during which a member is hospitalized or otherwise
7 incapacitated as a direct result of the performance of hazardous
8 duty.

9 SEC. 204. Hazardous duty with leave interposed. Members that
10 are required to perform hazardous duty before and after
11 authorized leaves of absence shall be entitled to receive special
12 pay for hazardous duty during such periods of authorized leave.

13 SEC. 205. Multiple payments for hazardous duty. Members who are
14 required, by their duty assignment or by order of competent
15 authority, to perform more than one of the hazardous duties
16 described in Part I hereof during any month are entitled to
17 special pay for each hazardous duty performed in accord with
18 eligibility standards established herein.

19 SEC 206. Special pay for hazardous duty involving toxic or
20 dangerous substances. The special pay provided by sections 212,
21 213, 214, and 215 hereof is conditioned upon the performance of
22 duty that has the potential for accidental exposure to hazardous
23 chemicals or micro-organisms and not upon actual exposure to such
24 agents. Therefore, neither the receipt of such pay nor the
25 nature of the duty itself constitutes evidence that any members
26 have been exposed to hazardous agents contrary to the provisions

1 of any statute, executive order, rule, or regulation relating to
2 health and safety which is applicable to the uniformed services.
3 SEC. 207. Parachute jumping.

4 (a) Members are entitled to special pay for hazardous duty
5 for each month of any three consecutive months during which they
6 perform one or more parachute jumps from an airplane in flight.

7 (b) The eligibility standard established above may be waived
8 by commanding officers of members qualified for special pay under
9 this section who are unable to comply with the standard because
10 they are engaged in combat operations in a hostile fire zone.
11 Such waivers terminate when members are reassigned outside the
12 hostile fire zone.

13 (c) Members qualified for special pay under this section who
14 are unable to comply with the eligibility standard established
15 above because of military operations or the unavailability of
16 aircraft or parachute equipment may become eligible for special
17 pay by performing four parachute jumps at any time during twelve
18 consecutive months. Commanding officers of such members must
19 certify the circumstances that preclude compliance with the
20 eligibility standard.

21 SEC. 208. Flight deck duty. Members are entitled to special pay
22 for hazardous duty for each month during which they are required
23 to perform duty for four days, or the equivalent thereof, on the
24 flight deck of a ship from which aircraft are launched.

25 SEC. 209. Work with toxic pesticides. Members are entitled to
26 special pay for hazardous duty for each month during which they
27 are assigned to the entomology, pest control, pest management or

1 preventive medicine functions of an installation or uniformed
2 service and are required to perform one or more fumigation tasks
3 described in section 101(g) above.

4 SEC. 210. Hostile fire. Members are entitled to special pay for
5 hazardous duty for each month during which they perform duty in
6 an area designated by the Secretary of Defense as a hostile fire
7 zone.

8 SEC. 211. Other hazardous duties. Members are entitled to
9 special pay for hazardous duty for each month during which they
10 perform other hazardous duties specified and described in Part I
11 of these regulations.

12
13 PART III - SPECIAL OR INCENTIVE PAY FOR AERIAL FLIGHT

14 SEC. 301. Applicability. Sections in this part of these
15 regulations apply to the following sections of title 37, United
16 States Code: section 311(a)(1) - special pay for hazardous duty
17 for noncrew members; section 321 - incentive pay for air crew
18 members; section 329 - aviation career incentive pay; section 335
19 - incentive pay for air weapons controllers.

20 SEC. 302. Crew member or noncrew member. Each member who is
21 required to participate frequently and regularly in aerial flight
22 shall make such flights as a crew member or as a noncrew member
23 as determined by competent authority in accord with regulations.

24 SEC. 303. Eligibility standards. Except as otherwise provided
25 in sections 110 or 114 hereof, members shall meet the following
26 eligibility standards to qualify for special pay pursuant to

1 section 311(a)(1) of title 37 or incentive pay pursuant to
2 sections 321, 329, or 335 of title 37:

3 (a) Four hours of aerial flight per calendar month; but,

4 (b) Hours of aerial flight performed during the immediately
5 preceding five calendar months and not already used to qualify
6 for special or incentive pay may be applied to satisfy aerial
7 flight eligibility standards for the current month; or,

8 (c) Eight hours of aerial flight during any two consecutive
9 calendar months; or,

10 (d) Twelve hours of aerial flight during any three
11 consecutive calendar months.

12 (e) For fractions of a calendar month, the aerial flight
13 eligibility standard shall bear the same ratio to the time
14 required for a full calendar month as the period in question
15 bears to a full calendar month.

16 (f) For fractions of two consecutive calendar months, the
17 period in question shall be considered as a unit and the aerial
18 flight eligibility standard shall bear the same ratio to the time
19 required for a full calendar month as the period in question
20 bears to a full calendar month.

21 SEC. 304. Inability to comply with eligibility standard. Members
22 qualified for special or incentive pay pursuant to this part who
23 are unable to comply with the eligibility standard because of
24 military operations or the unavailability of aircraft may become
25 eligible for such pay by performing at least 24 hours of aerial
26 flight over a period of six consecutive calendar months and that
27 standard may be met at any time during such period. Commanding

1 officers of such members must certify the circumstances that
2 preclude compliance with the eligibility standard.

3 SEC. 305. Except as otherwise provided in sections 110 or 114
4 hereof, members shall not receive special or incentive pay for
5 participation in aerial flights while suspended from such
6 participation unless such suspension is subsequently removed and
7 the eligibility standards prescribed in section 303 hereof have
8 been met.

9 SEC. 306. Subject to regulations prescribed by the Secretary
10 concerned, any enlisted member who has been required to perform
11 duty as a crew member shall, if involuntarily removed from flight
12 status with less than 120 days' advance notice, for reasons other
13 than misconduct, be deemed to have fulfilled the requirements for
14 payment of incentive pay under section 321 of title 37, United
15 States Code, for up to 120 days after the date of notification of
16 removal.