



Department of Defense

INSTRUCTION

NUMBER 1340.26

February 26, 2013

USD(P&R)

SUBJECT: Assignment Incentive Pay (AIP)

- References:
- (a) Sections 204, 206, 307a, and 303a(e) of chapter 5, title 37, United States Code
 - (b) DoD Directive 5124.02, "Under Secretary of Defense for Personnel and Readiness (USD(P&R))," June 23, 2008
 - (c) DoD 7000.14-R, "Department of Defense Financial Management Regulation (DoD FMR)," current edition
 - (d) DoD 8910.1-M, "Department of Defense Procedures for Management of Information Requirements," June 30, 1998
 - (e) DoD Instruction 5025.01, "DoD Directives Program," September 26, 2012

1. PURPOSE. In accordance with the authority in References (a) and (b), this Instruction establishes policies, assigns responsibilities, and prescribes procedures governing the administration of AIP.

2. APPLICABILITY. This Instruction applies to:

a. OSD, the Military Departments (including the Coast Guard at all times, including when it is a service in the Department of Homeland Security by agreement with that Department), the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities in the DoD (hereinafter referred to collectively as the "DoD Components").

b. New or renewed AIP contracts, which must adhere to this Instruction. Any individual AIP contract in existence as of the effective date of this Instruction will remain valid under its terms until its effective termination date.

3. DEFINITIONS. See Glossary.

4. POLICY. It is DoD policy that:

a. AIP is a temporary compensation tool to provide an additional monetary incentive to encourage Active Component or Reserve Component members to volunteer for select difficult-to-fill or less desirable assignments, locations, or units designated by, and under the conditions of service specified by, the Secretary concerned. AIP will not transfer from one assigned duty location or position to another unless the new duty location or position is eligible for an established AIP program.

b. The maximum statutory monthly rate of AIP payable to a Service member on a monthly basis is \$3,000. The Deputy Assistant Secretary of Defense for Military Personnel Policy (DASD(MPP)) will determine each calendar year the assignment incentive pay ceiling authorized for approval by the Secretaries of the Military Departments. Any blanket AIPs or AIPs above the authorized ceiling require annual approval from the Assistant Secretary of Defense for Readiness and Force Management (ASD(R&FM)).

c. The Defense Finance and Accounting Service will maintain additional operational guidance on AIP in DoD FMR 14-R (Reference (c)).

5. RESPONSIBILITIES. See Enclosure 1.

6. PROCEDURES. See Enclosure 2.

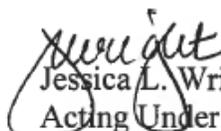
7. INFORMATION COLLECTION REQUIREMENTS. The Annual Econometrics Report on the AIP Program, referenced in paragraphs 2c, 2d, and 3b of Enclosure 1 and Enclosure 3 of this issuance, has been assigned report control symbol (RCS) DD-P&R(A)2516 in accordance with the procedures in DoD 8910.1-M (Reference (d)).

8. RELEASABILITY. UNLIMITED. This Instruction is approved for public release and is available on the Internet from the DoD Issuances Website at <http://www.dtic.mil/whs/directives>.

9. EFFECTIVE DATE. This Instruction:

a. Is effective February 26, 2013.

b. Must be reissued, cancelled, or certified current within 5 years of its publication in accordance with DoD Instruction 5025.01 (Reference (e)). If not it will expire effective February 26, 2023 and be removed from the DoD Issuances Website.


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Enclosures

1. Responsibilities
2. Procedures
3. Annual Report and ASD(R&FM) Approval Format

Glossary

ENCLOSURE 1

RESPONSIBILITIES

1. ASD(R&FM). The ASD(R&FM), under the authority, direction, and control of the Under Secretary of Defense for Personnel and Readiness (USD(P&R)), shall:

a. Oversee implementation of AIP programs, periodically evaluate AIP programs, and cancel any redundant or ineffective programs as necessary.

b. Track and oversee proper utilization and stewardship of AIP programs.

c. Each calendar year, approve or disapprove requests for all new or continued AIP programs above the DASD(MPP) approved ceilings, or for blanket AIP programs regardless of amounts.

2. DASD(MPP). The DASD(MPP), under the authority, direction, and control of the ASD(R&FM), shall:

a. Serve as the focal point on AIP matters.

b. Develop and maintain this Instruction to provide guidance on appropriate use of AIP programs.

c. Develop templates and specific requirements for annual AIP reports due from the Military Services.

d. Review annual Service reports in cooperation with the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense (USD(C)/CFO) to ensure appropriate stewardship and make recommendations to the ASD(R&FM) for discontinuation for any program abuses.

e. Each calendar year, establish monthly and annual AIP ceilings.

3. SECRETARIES OF THE MILITARY DEPARTMENTS AND COMMANDANT, UNITED STATES COAST GUARD. The Secretaries of the Military Departments and the Commandant, United States Coast Guard, shall:

a. Develop AIP policies and procedures that are designed to retain currently assigned personnel and quickly fill personnel shortfalls in designated difficult-to-fill assignments or locations.

b. Develop systems to track and measure the effectiveness of each AIP program that include statistical, economic, and historical data. Submit annual econometric reports to the DASD(MPP) detailing the costs and effectiveness of each AIP program, due no later than October 31st of each year, as described in Enclosure 3.

c. When implementing or extending any AIP, develop strategies to lessen critical manning and assignment-based personnel shortfalls to limit the prolonged use of AIP.

d. Request approval from ASD(R&FM) for AIP programs above the DASD(MPP)-approved ceiling and blanket programs planned to occur within the next calendar year, no later than October 31st of each year.

ENCLOSURE 2

PROCEDURES

1. ELIGIBILITY. The Secretary concerned may pay AIP to a Service member (Active or Reserve Component) who:

a. Is entitled to basic pay in accordance with section 204, or compensation in accordance with section 206, of Reference (a), and

b. Performs duties in an assignment, location, or unit designated by, and under the conditions of service specified by, the Secretary concerned in accordance with section 307a of Reference (a).

2. MAXIMUM AMOUNT AND METHOD OF PAYMENT

a. In accordance with section 307a Reference (a), AIP may be paid monthly, in a lump sum, or in periodic installments other than monthly, as determined by the Secretary concerned. If paid monthly, the Secretary concerned may prorate the monthly amount of the AIP for a Service member who does not satisfy the eligibility requirement for an entire month to reflect the duration of the member's actual qualifying service during the month.

b. The maximum monthly amount of assignment or special duty pay may not exceed the pay ceiling authorized by the DASD(MPP) at the time the Service member enters into a written AIP agreement, as defined in section 4 of this enclosure.

c. The amount of a lump sum payment of AIP payable to a Service member may not exceed the maximum monthly rate authorized at the time the Service member enters into a written agreement multiplied by the number of continuous months in the period for which AIP will be paid, pursuant to the agreement.

d. The amount of each installment payment of AIP payable to a Service member on an installment basis may not exceed the amount equal to a monthly rate specified in the written agreement (which may not exceed the maximum monthly rate authorized at the time the Service member enters into the agreement), multiplied by the number of continuous months in the period for which the AIP will be paid, divided by the number of installments over such period.

3. EFFECT OF EXTENSION. If a Service member extends an assignment or performance of duty specified in an agreement with the Secretary concerned, AIP for the period of the extension may be paid on a monthly basis, in a lump sum, or in installments in accordance with paragraph 2 of this enclosure.

4. WRITTEN AGREEMENTS. Written agreements are:

a. Discretionary for monthly payments. The Secretary concerned may require a Service member to enter into a written agreement with the Secretary in order to qualify for the payment of AIP on a monthly basis. The written agreement shall specify the period for which the AIP will be paid to the Service member and the monthly rate of the AIP.

b. Required for lump sum or installment payments. The Secretary concerned shall require a Service member to enter into a written agreement with the Secretary in order to qualify for AIP on a lump sum or installment basis. The written agreement shall specify the period for which the AIP will be paid to the Service member and the amount of the lump sum or each periodic installment of AIP.

5. TEMPORARY DUTY OR LEAVE. A Service member's status in the AIP program shall not be discontinued during any period that the member is not performing service in the assignment for which AIP is being paid due to:

a. Temporary duty performed by the Service member pursuant to orders; or

b. Absence of the Service member for authorized leave, other than leave authorized for a period ending upon the discharge of the member or the release of the member from active duty.

6. RESERVE COMPONENT MEMBERS PERFORMING INACTIVE DUTY TRAINING. A member of a Reserve Component entitled to compensation in accordance with section 206 of Reference (a) who is authorized AIP may be paid an amount of AIP that is proportionate to the compensation received by the member for inactive-duty training, also in accordance with section 206 of Reference (a).

7. RELATIONSHIP TO OTHER PAY AND ALLOWANCES. AIP paid to a Service member under this section is in addition to any other pay and allowances to which the member is entitled.

8. REPAYMENT. A Service member who receives AIP in a lump sum or installment and who fails to fulfill the eligibility requirements for receipt of such pay shall be subject to the repayment provisions of section 303a(e) of Reference (a).

9. TERMINATION OF AUTHORITY. AIP remains subject to annual congressional approval authority.

10. OTHER RESTRICTIONS. AIP shall not be utilized as an indefinite pay entitlement, a retention program tool, a form of pay equity among Service members with similar skills, for

good performance or recognition, or to supplement basic or incentive pays for specialized skills. AIP must target specific populations based on measurable assignment shortfalls, unless otherwise specified by the ASD(R&FM).

a. Service members are not authorized to receive more than one AIP simultaneously for the same period of service. If a Service member is eligible for more than one AIP, he or she will receive the higher of these AIPs.

b. Reserve Component members are not authorized AIP for assignments at their permanent duty station.

c. Any AIP offered as a blanket program for all Service members assigned to a specific installation, country, or area of responsibility requires ASD(R&FM) approval each calendar year, regardless of AIP amount.

ENCLOSURE 3

ANNUAL REPORT AND ASD(R&FM) APPROVAL REQUIREMENTS

1. REPORT REQUIREMENTS

a. The Secretary concerned shall develop procedures to track and measure the effectiveness of each AIP program using statistical, economic, and historical data.

b. The DASD(MPP)-developed annual report for each assignment pay will include: a description and justification for the AIP program, eligibility rules and payment methodology, Service-specific policies and procedures, and detailed econometric analysis, which may require:

- (1) Budgeted costs, and executed costs if renewed, for the next 3 fiscal years.
- (2) Current number of assigned and authorized billets by grade or skill level at AIP locations and Service-wide manning levels in the same grade or skill level.
- (3) Pre- and post-AIP manning by grade or skill level.
- (4) Take-rates, non-volunteer rates, and average length of position gaps by skill set or location.
- (5) Pay structure and Service agreement terms.
- (6) Training and investment replacement costs.
- (7) Other incentive pay earned by eligible recipients, to include specialty or skill pay.
- (8) Other influencing factors (examples include private sector hiring and employment rate, accessions and re-enlistments, quality of life issues, and projected growth).
- (9) Mitigating steps the Military Service is taking to eliminate prolonged use of AIP.

c. The DASD(MPP) and the Office of the USD(C)/CFO will review these reports annually to ensure compliance with this Instruction and appropriate fiscal oversight, and to provide overall recommendations to the ASD(R&FM) on continuation or discontinuation of any or all AIP programs.

2. DUE DATES

a. All annual AIP reports for the prior fiscal year (October 1st through September 30th) are due to the DASD(MPP) no later than October 31st of each year. If timely and accurate annual reports are not submitted, those AIP programs may be discontinued.

b. Annual approval requests for AIPs above the approved annual ceiling level or for blanket programs for the following calendar year are due to the DASD(MPP) no later than October 31st of each year. If timely requests are not submitted, existing AIP programs may be discontinued, and any new requirements may be disapproved.

3. ASD(R&FM) APPROVAL REQUIREMENTS

a. AIPs above the DASD(MPP) approved ceiling and all blanket programs must be requested and approved annually. Requests must be submitted by October 31st each year to be effective at the beginning of the following calendar year.

b. The Secretary concerned will submit a cover letter requesting AIP approval with a copy of the last annual report (if applicable) detailing the justification, eligibility policies, costs, target populations, and mitigating factors to the DASD(MPP) for ASD(R&FM) approval.

c. Military Services are not required to submit annual approval requests for any AIP program mandated by the USD(P&R). The DASD(MPP) will inform the Services on the status of mandated AIP programs and projected changes.

4. TRANSMISSION. All reports and requests for AIP review or approval are to be submitted via the USD(P&R) Website under the Military Personnel Policy link.

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

AIP	assignment incentive pay
ASD(R&FM)	Assistant Secretary of Defense for Readiness and Force Management
DASD(MPP)	Deputy Assistant Secretary of Defense for Military Personnel Policy
USD(C)/CFO	Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense
USD(P&R)	Under Secretary of Defense for Personnel and Readiness

PART II. DEFINITIONS

Unless otherwise noted, these terms and their definitions are for the purpose of this Instruction.

blanket program. An AIP program where eligibility applies to every Service member assigned to a specific location, regardless of individual grade, skill set, or position.

non-volunteer rates. The percentage of eligible individuals non-voluntarily assigned to an AIP due to a lack of qualified volunteers.

take-rates. The percentage of eligible individuals who accept AIP.