

PAY IN THE SPOTLIGHT

ASSIGNMENT INCENTIVE PAY (AIP)

OCTOBER 2010

BRIEF OVERVIEW

Assignment Incentive Pay (AIP) originated as part of the 2003 Bob Stump National Defense Authorization Act as a special pay program to offer Service Secretaries greater flexibility to incentivize assignments for hard-to-fill positions. It has since evolved into a broader program that includes targeted Service retention programs for critical skill sets.

Services identify mission critical shortfalls based on location, skill sets, or other mission needs, and then develop and submit recommended AIP programs to OSD for approval. Once approved, the Services may enter into written agreements with AIP-targeted individuals to offer additional pay to fill or extend personnel in these critical billets.

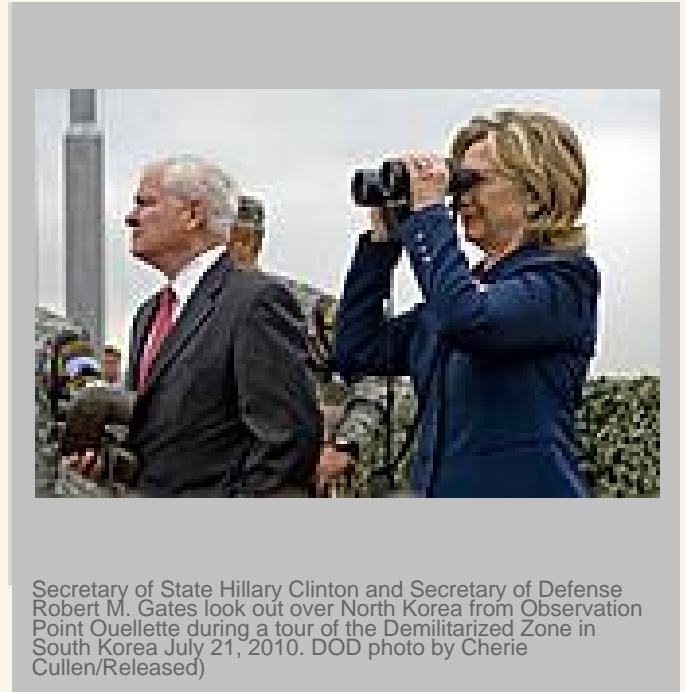
AIPs are funded by the Services using existing incentive pay budgets to ensure a zero gain sum to DOD's bottom line. These programs are not only a cost-effective tool to incentivize fill-rates and retention, but they have led to other peripheral benefits such as improved mission continuity, increased morale, and significant cost-avoidance.

The Navy established the first AIP pilot program in May 2003 to reduce the Service's reliance on sea duty credit for tough-to-fill shore billets. The AIP aimed to increase the volunteer pool for these shore duties in remote or less desirable locations. The net result was close to 10,000 sailors volunteering for remote shore duty, which avoided costly and time consuming rotations of personnel from operational sea billets.

Another proven AIP is the Army and Air Force Korea Assignment Incentive Pay (KAIP) program where Soldiers and Airmen agree to voluntarily accept assignments in isolated locations or to extend their tours on the peninsula for an additional \$300 per month. As a result of this program, in its first two years, DoD avoided over \$23M in PCS costs alone. And with an average take-rate of 7% among enlisted and 12% among officers, the Services are filling critical billets while minimizing non-voluntary assignments.

Perhaps the most noted AIP is the Boots-On-Ground program where active duty members (and some reservists) can receive up to \$1000 per month for every month they are extended beyond twelve months in Iraq or Afghanistan. This AIP has preserved critical skill sets in the AOR, encouraged long-term retention, and helped mitigate the effects of and minimized the use of the contentious Stop-Loss program.

There are currently over 25 AIPs today all playing a critical role in meeting our DoD and Service-specific missions. Each have proven an effective tool for our military to meet the increasing demands of an evolving force structure and the challenges of managing our #1 weapon system—our warfighters.



Secretary of State Hillary Clinton and Secretary of Defense Robert M. Gates look out over North Korea from Observation Point Ouellette during a tour of the Demilitarized Zone in South Korea July 21, 2010. DOD photo by Cherie Cullen/Released)

WHO CAN QUALIFY

AIP Programs often target individuals toward assignments in remote and isolated locations where the volunteer rate is low, or towards critical technical skills sets often held by senior technicians and specialists. The program is open to officer and enlisted members in all Services. However, each Service defines the parameters of their individual programs based on mission and retention needs.

MONTHLY RATES

Rates vary based on type and duration of AIP. Amounts are set by the Service Secretaries and approved by OSD on an annual or bi-annual basis. Rates are limited by statute to a maximum of \$3000 per month with the typical AIP ranging from \$250-\$1000 per month.

REFERENCES:

- Public Law 107-314, 116 stat. 2569; Section 616, Bob Stump NDAA FY2003
- Title 37, United States Code, Section 307a
- DoD Financial Management Regulation (DoDFMR, DoD 7000.14-R), Volume 7A, Chapter 15
- Military Branch of Service issued directives/guidance (e.g., regulations, orders, manuals, instructions, DTMs, etc.)

CAVEATS: AIP programs are routinely reviewed by the Services and OSD for relevance, and unless otherwise directed by policy or statute, may be discontinued by recommendation of either party upon review.