



DEFENSE FINANCE AND ACCOUNTING SERVICE
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MAY - 9 2006

DFAS-NPF

MEMORANDUM FOR DIRECTOR, MILITARY COMPENSATION, OFFICE OF THE
UNDER SECRETARY OF DEFENSE (PERSONNEL AND
READINESS)
DIRECTOR, FINANCE, DEFENSE FINANCE AND ACCOUNTING
SERVICE

SUBJECT: Interim Change to the Department of Defense Financial Management Regulation
("DoDFMR"), Volume 7A, Regarding Saved Pay Entitlement for Newly
Appointed Officers Who Were Formerly Enlisted Members (DFAS Item P-61)

Attached is Interim Change 28-06 to Volume 7A, Chapter 1 of the "DoDFMR." This change identifies the saved pay entitlement for newly appointed officers who were formerly enlisted members and is effective for appointments on or after January 6, 2006.

Assignment of the interim change number is the authority for the Director of Finance to initiate a procedural modification to implement this change. This office requests that the Director for Accounting and Finance Policy and Analysis post a copy of this interim change to the "DoDFMR" web site.

Lydia Moschkin
Lydia Moschkin
Director, Policy and
Performance Management

Attachment:
As stated

cc:
DFAS-AMO (Pat McGriff)
DFAS-DE/DGM
DFAS-PM/IN (Cindy Garcia)
DFAS-PMA/CL
DoD-DHRA/OGC
OUSD(C)(ODCFO)(FP)
Service Liaisons
USCG/NOAA/PHS Liaisons

SAVED PAY

1. Insert the following caption to subparagraph 010203.A.3.f:

“Effective for appointments Accepted Before January 6, 2006.

2. Renumber subparagraph 010203.A.3.g and 010203.A.3.h as 010203.A.3.h and 010203.A.3.i and insert the following new subparagraph 010203.A.3.g:

g. Effective for Appointments Accepted on or After January 6, 2006. In determining the amount of the pay and allowances of a grade formerly held by an officer who was an enlisted member and accepted an appointment as an officer, the following special and incentive pays may be considered only so long as the officer continues to perform the duty that creates the entitlement to, or eligibility for, that pay and would otherwise be eligible to receive that pay in the former grade:

- (1). Incentive pay for hazardous duty under 37 U.S.C. §301.
- (2). Submarine duty incentive pay under 37 U.S.C. §301c.
- (3). Special pay for diving duty under 37 U.S.C. §304.
- (4). Hardship duty pay under 37 U.S.C. §305.
- (5). Career sea pay under 37 U.S.C. §305a.
- (6). Special pay for service as a member of a Weapons of Mass Destruction Civil Support Team under 37 U.S.C. §305b.
- (7). Assignment incentive pay under 37 U.S.C. §307a.
- (8). Special pay for duty subject to hostile fire or imminent danger under 37 U.S.C. §310.
- (9). Special pay or bonus for an extension of duty at a designated overseas location under 37 U.S.C. §314.
- (10). Foreign language proficiency pay under 37 U.S.C. §316.
- (11). Critical skill retention bonus under 37 U.S.C. §323.

3. Insert the following new subparagraph 010203.A.3.j:

j. Effective for Appointments Accepted on or After January 6, 2006. The following special and incentive pays are dependent on a member being in an enlisted status and may not be considered in determining the amount of the pay and allowances of a grade formerly held by an officer:

- (1). Special duty assignment pay under 37 U.S.C. §307.
- (2). Reenlistment bonus under 37 U.S.C. §308.
- (3). Enlistment bonus under 37 U.S.C. §309.
- (4). Career enlisted flyer incentive pay under 37 U.S.C. §320.

4. In the bibliography, revise paragraph 010203 as follows:

<u>Paragraph</u>	<u>Citation</u>
010203 - Saved Pay	
010203.A.1	37 U.S.C. 907
010203.A.2	MS Comp Gen B-232042, July 7, 1989
010203.A.3	45 Comp Gen 763
010203.A.3	46 Comp Gen 57
010203.A.3.b	46 Comp Gen 804
010203.A.3.g	Public Law 109-163, section 686(a), January 6, 2006
010203.A.3.i	46 Comp Gen 57
010203.A.3.j	Public Law 109-163, section 686(a), January 6, 2006
010203.A.4	61 Comp Gen 296

SEC. 686. SPECIAL AND INCENTIVE PAYS CONSIDERED FOR SAVED PAY UPON APPOINTMENT OF MEMBERS AS OFFICERS.

(a) INCLUSION AND EXCLUSION OF CERTAIN PAY TYPES.—Subsection (d) of section 907 of title 37, United States Code, is amended to read as follows:

“(d)(1) In determining the amount of the pay and allowances of a grade formerly held by an officer, the following special and incentive pays may be considered only so long as the officer continues to perform the duty that creates the entitlement to, or eligibility for, that pay and would otherwise be eligible to receive that pay in the former grade:

“(A) Incentive pay for hazardous duty under section 301 of this title.

“(B) Submarine duty incentive pay under section 301c of this title.

“(C) Special pay for diving duty under section 304 of this title.

“(D) Hardship duty pay under section 305 of this title.

“(E) Career sea pay under section 305a of this title.

“(F) Special pay for service as a member of a Weapons of Mass Destruction Civil Support Team under section 305b of this title.

“(G) Assignment incentive pay under section 307a of this title.

“(H) Special pay for duty subject to hostile fire or imminent danger under section 310 of this title.

“(I) Special pay or bonus for an extension of duty at a designated overseas location under section 314 of this title.

“(J) Foreign language proficiency pay under section 316 of this title.

“(K) Critical skill retention bonus under section 323 of this title.

“(2) The following special and incentive pays are dependent on a member being in an enlisted status and may not be considered in determining the amount of the pay and allowances of a grade formerly held by an officer:

“(A) Special duty assignment pay under section 307 of this title.

“(B) Reenlistment bonus under section 308 of this title.

“(C) Enlistment bonus under section 309 of this title.

“(D) Career enlisted flyer incentive pay under section 320 of this title.”.

(b) STYLISTIC AMENDMENTS.—Such section is further amended—

(1) in subsections (a) and (b)—

(A) by striking “he” each place it appears and inserting “the officer”; and

(B) by striking “his appointment” each place it appears and inserting “the appointment”;and

(2) in subsection (c)(2), by striking “he” and inserting “the officer”.

(c) EFFECTIVE DATE.—Subsection (d) of section 907 of title 37, United States Code, as amended by subsection (a), shall apply with respect to any acceptance by an enlisted member of the Armed Forces of an appointment as an officer made on or after the date of the enactment of this Act.