



DEPARTMENT OF THE NAVY  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
WASHINGTON, DC 20350

IN REPLY REFER TO  
7220  
Ser N13/082  
7 Dec 06

From: Chief of Naval Operations  
To: Assistant Commander, Naval Personnel Command (PERS 4)  
Subj: POLICY DECISION MEMORANDUM 003-06: ASSIGNMENT INCENTIVE  
PAY (AIP) PROGRAM  
Ref: (a) 37 U.S.C. 307a  
(b) MILPERSMAN  
(c) DOD Financial Management Regulation  
Encl: (1) AIP Order Modification and Cross-deck Procedures

1. Purpose. Provide policy and guidance for the AIP program. This policy is in effect upon issuance and will remain in effect until superseded by a subsequent policy memorandum, addendum, or instruction.

2. Background. Sailors do not view all assignments as equally desirable. This can be attributed to factors such as geographic location, type of job, or nature of duty (e.g., time away), particularly when preceded and followed by arduous sea tours. The Assignment Incentive Pay (AIP) program has been initiated in the attempt to make all assignments desirable to at least one qualified volunteer. By increasing the volunteer rates for hard-to-fill jobs and locations, the AIP program also aims to increase member satisfaction and retention from filling these jobs voluntarily.

3. Responsibility

a. The Deputy Chief of Naval Operations (DCNO) (N13) is responsible for the AIP program per this instruction and retains delegated authority over AIP policy and programs. DCNO (N13) is responsible for ensuring AIP Program execution is conducted in accordance with reference (a), is in compliance with existing Department of Defense and other governing directives, and is executed within budgetary constraints. DCNO (N13) has authority to set AIP maximum bid amounts and rates.

b. The Enlisted Distribution Division (PERS-40), under the direction of Commander Navy Personnel Command (CNPC), is responsible for tracking all associated metrics. PERS-40 is also responsible for ensuring that agreements under AIP will

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take into account the statutory limit on AIP. CNPC (PERS-40) is delegated the authority to approve AIP applications.

c. The Distribution Incentives Board (DIB), with members from OPNAV (N130), CNPC (PERS-4), and Commander Fleet Forces Command (CFFC), will provide guidance on AIP practices and procedures, monitor the program, and recommend maximum amounts and addition/removal of locations to N13 for approval.

4. Policy. AIP is a special pay authorized by Congress in accordance with reference (a) and governed by the following guidelines:

a. AIP will be used to incentivize voluntary assignment to billets determined to be historically difficult to fill. This pay is not an entitlement and is subject to annual budget constraints. Administrators are directed to use AIP in the most cost-effective manner.

b. AIP assignments will normally be made through an open-market bid system established through the Navy's on-line career management system. Members will enter into a written agreement that specifies the amount and period for which AIP will be paid. Execution of permanent change of station (PCS) orders with AIP authorization will constitute a written agreement for the purposes of AIP.

c. When AIP is implemented at a location designated Sea/Shore Code (SSC) 3 (Overseas Shore Duty with sea duty credit for purposes of sea/shore rotations), credit for sea duty will no longer be awarded to members issued orders to these locations.

d. DCNO (N13) will adjust maximum AIP bid rates as required to incentivize the desired volunteerism. If a sufficient number of qualified bids are received for an AIP billet or location or if manning levels are projected to be sufficiently improved, the maximum bid may be lowered. Otherwise, the maximum amount may be increased to stimulate demand.

e. Any deviation from the policy guidance in paragraph 4. must be approved by DCNO (N13).

5. General Eligibility Criteria. Members desiring assignment under the AIP program must:

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a. Be an active duty member in accounting category code 100 (ACC 100) as defined in Article 1320-300 of reference (b). Members will not receive AIP while in a disciplinary status as defined by the Uniform Code of Military Justice (ACC 390, 391, 392, or 393) or during periods of unauthorized absence or when in a deserter status.

b. Have completed the first permanent duty (ACC 100) assignment following completion of initial training prior to applying for an AIP eligible billet.

c. Meet all promotion requirements to prevent exceeding High Year Tenure (HYT) service limits. Members granted waivers for HYT are not eligible for assignment to an AIP eligible billet. However, if a member who is already in an AIP eligible job and receiving AIP subsequently receives a HYT waiver, that member remains eligible to receive AIP payments until he or she detaches from the command.

d. Submit an application with an AIP bid through the Navy on-line career management system or through the alternate AIP application process, as outlined in paragraphs 8. and 9. Members who are assigned to an AIP eligible billet after having lapsed past the orders negotiation window as defined in Article 1306-101 of reference (b) (assignments defined here as "Needs of the Navy Assignments") are not eligible to receive AIP.

e. Receive and execute orders to an authorized AIP billet after implementation of AIP for that billet.

f. Meet any additional eligibility criteria as prescribed by DCNO (N13).

6. Specific Eligibility. In addition to the general eligibility criteria, members under the following specific circumstances will adhere to the respective eligibility guidelines:

a. Reserve members (SELRES, FTS, IRR, and ADSW) are not eligible for active duty AIP but may be eligible for reserve AIP.

b. If in a distribution community designated under CONUS/OCONUS rotation in accordance with the current sea/shore rotation Naval message, members must be assigned to either Type

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2 (CONUS Sea Duty) or Type 4 (Overseas Sea Duty) activities designated with AIP.

c. A Navy veteran (NAVET) or Other Service veteran (OSVET) must have completed his or her first assignment following reentry/entry into Navy active duty.

d. If a member is involuntarily converted to a different rating (forced conversion) in accordance with Article 1440-010 of reference (b), he or she must not have been force converted for reasons including, but not limited to, misconduct, poor performance, or loss of clearance.

e. For spouses requesting co-location, each member must meet all eligibility requirements.

f. Other specific cases will be considered on a case-by-case basis and approved by DCNO (N13).

7. Historical Average Bid Amount (HABA) Calculation and Eligibility. Certain personnel may be eligible for AIP at the HABA. HABA AIP will be assigned using the following guidelines:

a. The PERS-40 AIP Manager will calculate the HABA based on a minimum of 12 months of AIP bid data for a specific billet at a specified command. If 12 months of AIP bid data is not available (e.g., new AIP location), HABA will be set at 50% of the maximum allowable bid.

b. The following personnel are eligible for AIP at the HABA if they otherwise meet AIP eligibility criteria:

(1) A member who is hand-selected/slotted/screened via a selection board or by his or her community manager in coordination with a gaining command for an AIP eligible job (e.g., Flag Writer (NEC 2514), Command Master Chief, or Public Quarters Culinary Specialist).

(2) A member whose orders are modified such that he or she is diverted in accordance with Article 1306-101 of reference (b) to a billet designated with AIP in a new duty station or location that is different from that in the original orders.

(3) A member who is transferred via home port change from a location without AIP to a home port designated with AIP

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and who fills a billet designated for AIP. Payment will begin upon arrival to the new home port.

(4) A member who is directed to an emergent, mission-critical assignment where the time between designation of the assignment for AIP and the member's required report date (including reporting to an intermediate duty station for training) is so abbreviated, it does not afford the member the opportunity to enter an AIP bid within the normal order negotiation window (as defined in Article 1306-101 of reference (b)).

(5) A member undergoing forced conversion who, in becoming immediately available for assignment, is assigned to an AIP eligible billet and meets the eligibility criteria in paragraph 6.d.

(6) Other personnel as approved by DCNO (N13).

8. Standard Application Process. Members will normally submit an application and bid for an AIP assignment on the Navy on-line career management system, made available through a member's Command Career Counselor (CCC), as outlined below:

a. Members may view maximum AIP bid amounts through their CCC or on the Navy Personnel Command (NPC) website ([www.npc.navy.mil](http://www.npc.navy.mil)). The maximum bid amounts will also be displayed on the Navy on-line career management system.

b. Members may submit bids in \$50 increments, with \$0 as an acceptable bid.

c. If selected, a member will be paid the amount that he or she bid on-line. A member's orders will stipulate, at a minimum, authority to pay AIP, amount of AIP awarded, ultimate duty station, and the duration of the assignment (i.e., report date and projected rotation date (PRD)).

9. Alternate Application Processes. The following guidelines apply to members in extenuating or special circumstances who may not be able to follow the standard AIP application process:

a. In the event a CCC is not available to facilitate a member's on-line application, or if connectivity to the on-line career management system is not available, members must submit a request in writing either via email or fax to the appropriate

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PERS-40 AIP Manager. (Contact information may be found at  
www.npc.navy.mil.) This request must contain the following  
information:

(1) Member's rate, name, and SSN.

(2) Name and UIC of the command for which member is  
applying.

(3) Rate/NEC of the job for which the member is applying  
(e.g., BM1, CS2, NEC 94546, NEC 10014).

(4) Member's AIP bid amount.

b. Members may submit bids in \$50 increments, with \$0 as an  
acceptable bid.

c. If a member desires to place a bid for an AIP eligible  
assignment to an E-3 job, the CCC will indicate the member's AIP  
bid amount in the Career Counselor's Comment section of the  
application. The CCC will then submit the application and email  
the information to the PERS-40 AIP Manager.

d. All requests must be received prior to the on-line  
career management system application stop time and date,  
available through the CCC.

e. If selected, a member will be paid the amount that he or  
she bid. Once issued, a member's orders will stipulate, at a  
minimum, authority to pay AIP, amount of AIP awarded, ultimate  
duty station, and the duration of the assignment (i.e., report  
date and projected rotation date (PRD)).

10. Distribution Procedures. Detailers will review all  
applications and bids for each assignment at the end of the  
requisition cycle and make a selection using the following  
guidelines:

a. AIP selection, in addition to adhering to the  
guidelines outlined in Article 1306-101 of reference (b), should  
consider the following factors:

(1) Qualifications of every applicant.

(2) Report date of the assignment.

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(3) Navy Enlisted Classification (NEC) code  
reutilization.

(4) Costs relative to other applicants for a particular  
billet, to include total AIP cost limitations outlined in  
paragraph 12.a.

b. In general, the qualified member with the lowest bid  
will be selected.

c. For members applying for special program assignments,  
the member's rating community detailer must agree to release the  
member prior to issuing orders.

d. Detailers who have a compelling reason not to follow  
the guidelines outlined above must obtain prior approval from  
their Branch Head.

#### 11. Special Distribution Cases

a. Detailers must notify the PERS-40 AIP Manager via email  
before issuing orders to an AIP assignment when the member:

(1) Does not submit an application in the Navy on-line  
career management system.

(2) Is hand-selected/slotted/screened as outlined in  
paragraph 7.b.(1).

(3) Has not been assigned orders upon commencement of a  
decommissioning conference for their current AIP eligible  
command.

(4) Is assigned to an AIP billet as a result of a  
decommissioning conference.

(5) Is modifying his or her orders such that the  
ultimate duty station is changed to an AIP assignment and  
location (diverted) or assigned from one AIP eligible command to  
another (cross-decked in accordance with Article 1306-101 of  
reference (b)). See enclosure (1) for details.

(6) Is undergoing a forced conversion.

(7) Must be assigned a Needs of the Navy Assignment.

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(8) Must be directed to fill an AIP job (not a Needs of the Navy Assignment).

b. The PERS-40 AIP Manager will notify the detailer when action has been completed to allow orders to be written or modified.

c. The above personnel may be eligible for AIP at the Historical Average Bid Amount (HABA). (See paragraph 7.)

## 12. Payment

a. AIP will normally be paid as a monthly incentive and may be paid in addition to any other pay or allowance. The total payment made under the AIP program will not exceed the amount specified in reference (a), currently set at a maximum of \$3,000 per month or its equivalent. All programs falling under AIP authority will be subject to this limit.

b. AIP payment will be paid pro-rata according to the member's report date and the AIP termination date under the following guidelines:

(1) AIP will be paid during periods of leave and Temporary Additional Duty (TAD) pursuant to orders.

(2) AIP will terminate when the member is permanently transferred from the AIP eligible command or upon commencement of separation or terminal leave, in accordance with reference (a). If a member is transferred via home port change from a location designated with AIP to a home port without AIP, his or her AIP will terminate upon arrival to the new home port.

(3) If the activity loss and/or subsequent activity gain is processed and AIP is not terminated in a timely manner, the member's local PSD or Personnel Office should contact PERS-341 at DSN 882-3198 or 901-874-3198 to verify that the AIP incentive will be stopped.

c. AIP is a taxable pay. However, if the member is assigned to a combat zone tax exclusion area while receiving AIP, that member may be eligible to receive AIP as a non-taxable pay in accordance with Volume 7A, Chapter 44 of reference (c). AIP is also eligible for Thrift Savings Plan contribution.



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d. If a member who has executed AIP orders does not receive AIP after reporting onboard their AIP Command, or if that member should:

(1) Contact the local Personnel Support Detachment (PSD) or Personnel Office.

(2) Have the PSD verify that the gain to the current activity has been processed correctly in both the personnel and pay systems. If the gain has not processed correctly, have the PSD submit the activity gain for both personnel and pay.

(3) If problems persist in completing the gains, have the PSD verify the gain action by contacting the Navy Standard Integrated Personnel System (NSIPS) Help Desk at 1-877-589-5991.

(4) Once the PSD has verified that the gain has processed correctly, have the PSD contact PERS-341 at DSN 882-3198 or 901-874-3198 to verify that the authorization to pay has been identified.



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Plans and Policy Division (N13)

Copy to:  
OPNAV (N10, N12)  
CNPC (PERS-40)

**ASSIGNMENT INCENTIVE PAY  
ORDER MODIFICATION/CANCELLATION  
AND CROSS-DECK PROCEDURES**

Modification or cancellation of PCS orders with AIP authorization and members who are assigned from one AIP-eligible command to another (cross-decked) will be managed as follows:

1. Order Modification:

Case 1: If Navy modifies a member's AIP orders, but the member remains at the same ultimate duty station, then the member will receive AIP at the original negotiated/authorized bid.

Case 2: If Navy modifies a member's AIP orders and changes the member's ultimate duty station to a new AIP assignment and location (member is diverted), then the member will receive the greater of either the original negotiated AIP rate or the HABA at the new ultimate duty station, not to exceed the maximum AIP rate of the new ultimate duty station. Divert requests must be submitted to the PERS-40 AIP Manager before orders are modified.

Case 3: If Navy modifies a member's AIP orders to a new assignment or location that does not receive AIP, AIP is not authorized.

Case 4: If a member has orders without AIP and Navy modifies the member's orders such that the member's new ultimate duty station is an AIP location (referred to as a "divert"), the member will be eligible for AIP at the HABA. The member's detailee must provide SSN and ultimate UIC to the PERS-40 AIP Manager with a copy of the divert directive.

2. Order Cancellation: If a member requests to cancel orders in order to apply for an AIP assignment, then the member's original orders must be cancelled and the member must apply/bid on the Navy on-line career management system for the new AIP job.

3. Cross-deck:

Case 1: If a member at an AIP command who is not currently receiving AIP (e.g., with a winning bid of \$0 or at the command prior to implementation of AIP) is cross-decked from current AIP command to another AIP command:

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a. If in the same geographic area, with no change in PRD or Sea/Shore status, the member will not be eligible for AIP.

b. If in a different geographic area requiring a PCS move, the member will be eligible for AIP at the HABA. In these cases, requests must be submitted to the PERS-40 AIP Manager before orders are issued.

Case 2: If a member at an AIP command who is currently receiving AIP is cross-decked to another AIP command; requests in the following cases must be submitted to the PERS-40 AIP Manager before orders are issued:

a. If in the same geographical area, the member will continue to receive AIP at the original negotiated AIP rate documented on the original orders.

b. If in a different geographic area requiring a PCS move, the member will receive AIP at the greater of either the original negotiated AIP amount or the HABA for the new ultimate duty station, not to exceed the maximum AIP rate at the new ultimate duty station.

Case 3: If a member at an AIP command who is currently receiving AIP is cross-decked to a non-AIP command, the member will not be eligible for AIP.

Case 4: A member at a non-AIP command who is cross-decked to an AIP command will be eligible for AIP at the HABA. Requests must be submitted to the PERS-40 AIP Manager before orders are issued.