



Reserve Component Incentive Pay Parity Discussion Paper

TMC Position

TMC supports the Department of Defense (DoD) certification for reserve component pay parity for Hazardous Duty Incentive Pay (HDIP) and Aviation Incentive Pay (AvIP).

Incentive Pay Parity Benefits Our Servicemembers and National Security

Despite performing the same duties as members of the active component (AC), and shouldering the same time commitment to complete these duties and maintain a technical expertise, reserve component (RC) members receive prorated pay for their proficiencies. Currently, RC members receive 1/30th of the pay when performing the same duties as their active-duty counterparts.

All RC servicemembers are subject to the call to duty, and the performance of their career-specific skill, at any time – exactly like their AC counterparts. The maintenance of that skill by an RC servicemember requires an investment of time, effort, and education, often outside of normal duty hours. This additional workload comes at the expense of their civilian profession and time with their family, which they would otherwise have if not maintaining their dual-career lives.

The RC is stressed from constant activation for national security missions, as well as pandemic and natural disaster response. The certification of pay parity by the Secretary of Defense would show our nation values the role our RC servicemembers play and would go a long way to help care for them and their families.

Ensuring pay parity for the RC enhances our national security by providing a continued path to service for those who may otherwise leave active duty and simply separate. By offering a strong incentive for continued service, DoD retains valuable servicemembers at a time when recruiting and retention are ongoing challenges.

Certification of incentive pay parity will:

- Increase RC readiness – RAND data shows only 1% of eligible RC servicemembers are retaining technical proficiencies.
- Support RC retention for highly skilled servicemembers, and support servicemembers and their families. RAND data for Air Force pilots shows this would have minimal impact (0.8%) on AC retention while boosting RC retention by over 7%.
- Support servicemembers and their families by increasing pay for highly skilled and dedicated personnel.

A recent [bipartisan letter](#) addressed to the Secretary of Defense highlighted the importance of this issue for RC servicemembers. Additionally, addressing this issue has been a [goal](#) of The Military Coalition (TMC) for years.



Issue Background

Section 602 of the [Fiscal Year 2022 NDAA](#) required DoD to “pay a member of the reserve component of an armed force incentive pay in the same monthly amount as that paid to a member in the regular component of such armed force performing comparable work requiring comparable skills.” Implementation of this provision was subject to the Secretary of Defense providing a report a certification that “implementation shall not have a detrimental effect on the force structure of an Armed Force concerned, including with regard to recruiting or retention of members in the regular component of such Armed Force.” This report and certification decision was due on Sept. 30, 2022, but DoD requested a three-month extension.

Earlier this year, RAND released *Payment of the Full Rate of Special and Incentive Pays to Members of the Reserve Components*, [a report](#) on this topic as required by Section 653 from the Fiscal Year 2020 NDAA. While the report included some valuable information, its conclusion failed to consider many important factors.

RAND found “RC members serve an average of 6.1 periods across all duty statuses in a month, and those who earn certain pays (such as AvIP) serve even more.” Serving the stereotypical one weekend a month, two weeks a year, means a RC servicemember would serve 5.2 periods per month.

RAND concludes that “increasing [RC servicemember] wealth by the amount of the full rate of [special and incentive] pay each month would give individuals an incentive to reduce the time they devote to RC participation” and would therefore reduce readiness (p. xvi).

However, this conclusion directly contradicts other findings in the report and reveals a concerning readiness gap in the RC. Elsewhere, RAND says, “most RC members in that occupation do not actually meet the minimum performance requirement necessary to earn the pay” (p. xiv). The report estimates “RC members who would qualify or would potentially qualify for either HDIP or AvIP in a given month ranges from 17,796 to 379,148” (p. xiv). **In the view of TMC, our RC is not a ready force if only 1% of troops are maintaining their technical proficiencies.**

Cost is always a concern, but the RAND report estimates these increases to readiness could be limited, with an effect on the RC personnel budget of less than 0.4% (p. xv).

The report recognizes an “increase in the number who participate could help offset the drop in the intensity of participation of those who join to yield the same total number of person-days or person-drills” (p. xv). TMC agrees more servicemembers would be motivated to maintain technical proficiencies if financial incentives are increased. However, we do not expect a drop in training participation, because maintaining these technical proficiencies often takes extra work (as the report noted earlier). Servicemembers already receiving these pays who lessen their “participation intensity” likely will not meet the required training standards.



An area where we see strong participation is for aviators seeking to keep their AvIP. RAND's data show RC aviators are flying at a high enough rate to maintain the active-duty standards (Payment of the Full Rate of Special and Incentive Pays to Members of the Reserve Components, p. 49).

TABLE 4.2

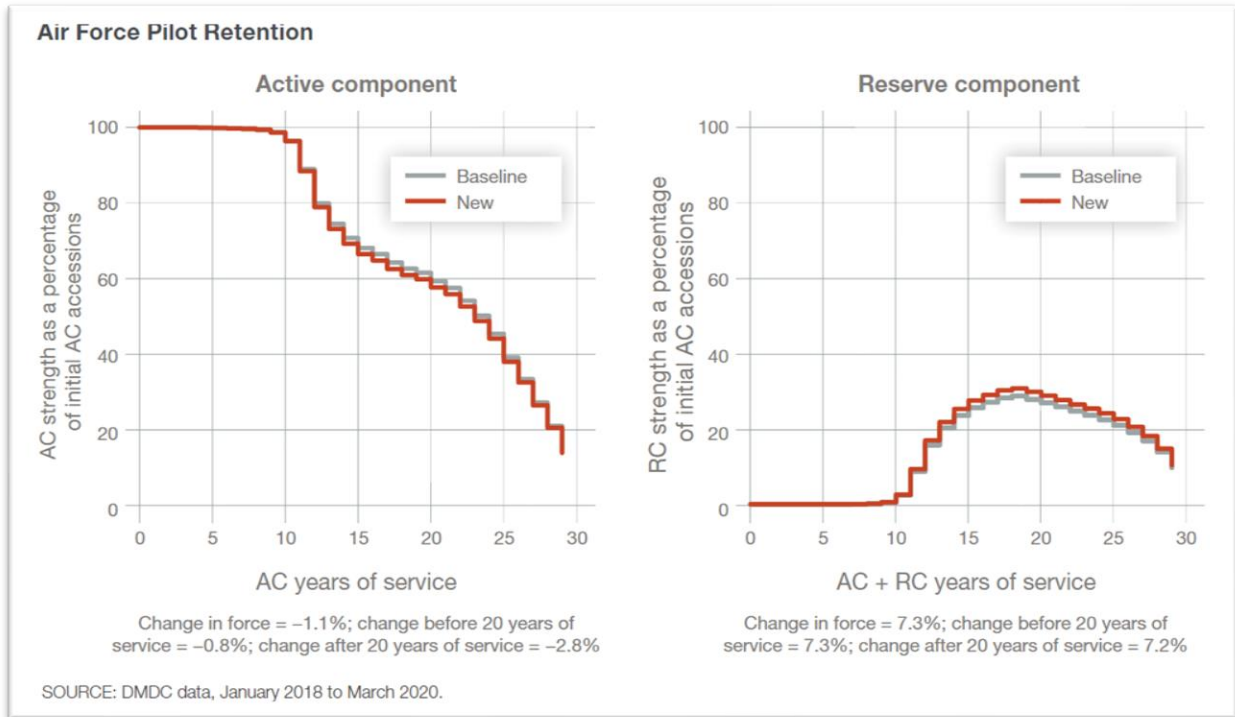
Percentage of AvIP Earners with Given Flight Hours in a Year

	AvIP		
	0–23 Hours per Year	24–47 Hours per Year	48 or More Hours per Year
Army Reserve	31%	4%	65%
Army Guard	21%	5%	74%
Air Force Reserve	53%	5%	42%
Air Guard	15%	6%	79%
Marine Corps Reserve	11%	6%	83%
Navy Reserve	0%	0%	100%

SOURCE: Data provided by RCs. We did not request data from the Coast Guard Reserve.

This is a significant time commitment for pilots to maintain these flight hours, and the likely outcome of certification would be upward pressure on those flying less than 48 hours.

The cost of training a basic qualified fighter pilot ranges from \$5.6 million for an F-16 pilot to \$10.9 million for an F-22 pilot, according to a [separate 2019 RAND report](#). This is a significant investment in our national defense. **RAND's own modeling of Air Force pilots in the S&I report shows implementing this change would have a less than 1% reduction in AC pilots and a net positive effect for the RC by retaining 7.2% more pilots who would otherwise likely retire** (Payment of the Full Rate of Special and Incentive Pays to Members of the Reserve Components, p. 69). **The certification of this policy would help our country keep our most experienced pilots in uniform longer.**



This is vital as the aviation industry pulls people out of uniform to combat its own [pilot shortage](#). Instead of pilots making a clean break from service, we will be able to retain them through the RC.

Yet, despite the analysis in its report, RAND still reached the conclusion that “as long as individuals positively value leisure, increasing their wealth by the amount of the full rate of S&I pay each month would give individuals an incentive to reduce the time they devote to RC participation.”

As discussed earlier, RC servicemembers are already going beyond the one weekend a month and two weeks a year their duty requires. Achieving pay parity will support our skilled RC troops in everyday life so they can continue to serve effectively and contribute to a strong national defense.