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Defense Primer: Military Special and Incentive Pays

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The military compensation system includes cash payments such as basic pay, special and incentive (S&I) pays, and various allowances. Servicemembers also receive noncash benefits such as health care, and may qualify for deferred compensation (e.g., retired pay). Historically, Congress has authorized S&I pays to encourage recruitment, retention, and to compensate servicemembers "exposed to conditions more hazardous than those experienced by the average member of the armed forces during peacetime." S&I pays have also been designed to incentivize hardship assignments, compensate those with critical skills, and allow military services the flexibility to manage personnel needs across career fields and components.

Authorities and caps for most S&I pays are organized under Chapter 37, *United States Code* (U.S.C.) (see **Table 1**). The military services have discretion to determine the amount of pay distributed to servicemembers under most of these authorities up to the statutory caps.

Consolidation of Pay Authorities

In February 2008, the Tenth Quadrennial Review of Military Compensation recommended consolidating more than 60 special and incentive pays into fewer, broader, and more flexible pay authorities. The report argued that a consolidation of S&I pay authorities would afford the Services more "flexibility to allocate resources to those areas that would most effectively and efficiently meet staffing needs." In Section 661 of P.L. 110-181 National Defense Authorization Act for Fiscal Year 2008 (FY2008 NDAA), Congress enacted a consolidation of the more than 60 existing special and incentive pays. The new consolidated authorities were grouped under Subchapter II of Chapter 5, Title 37 of the *U.S. Code* and the original S&I pay authorities were reclassified under Subchapter I. Section 662 of the FY2008 NDAA directed the Secretary of Defense to transition all servicemembers from the existing S&I pay authorities to the consolidated authorities no later than January 28, 2018. This product will discuss the newer consolidated authorities.

Categories of S&I Pays

General Recruiting and Retention Authorities

Statute provides for general S&I pays to support recruitment and retention of enlisted and officer personnel (37 U.S.C. §§331 and 332, respectively). These include bonuses upon contracting for an initial service obligation or for extending a service obligation. These statutes also authorize bonuses for transfers between the active component (AC) and reserve component (RC), interservice transfers, or from a non-sustained to sustained duty status in the Space Force. In 2013 as part of the FY2014 NDAA (P.L. 113-66 §617) Congress added a bonus authority of up to $5,000 for Reserve Officer Training Corps (ROTC) cadets and midshipmen who agree to complete advanced training and accept a commission or appointment upon graduation.

Table 1. Selected S&I Pay Maximums

37 U.S.C. §331: General bonus authority for enlisted members	
Initial Enlistment	$75,000 for a 2-year obligation
Reenlistment	$50,000 (AC) and $15,000 (RC) per year obligated service
AC-RC or Interservice Transfers	$10,000 per transfer
37 U.S.C. §332: General bonus authority for officers	
Commission/Appointment (AC) or Affiliation (RC)	$60,000 (AC) and $20,000 (RC) for 3-year obligation
Retention Bonus	$50,000 (AC) and $12,000 (RC) per year obligated service
AC-RC or Interservice Transfers	$10,000 per transfer
37 U.S.C. §333: Nuclear officers	
Selection Bonus	$75,000 per year obligated service
Retention Incentive	$25,000 per year
37 U.S.C. §334: Aviation officers	
Retention Bonus	$50,000 per year obligated service
Incentive Pay	$1,500 per month (in a flying status)
37 U.S.C. §335: Officers in health professions	
Commission/Appointment	$200,000 per year obligated service
Retention Bonus	$150,000 per year obligated service
Incentive Pay (Per Year)	$15,000 (board certification), $50,000 (health profession), $200,000 (medical or dental officer)
37 U.S.C. §336: ROTC Contracting bonus	
	$5,000 one-time payment
37 U.S.C. §351: Hazardous duty pay	
	$275-$450 per month based on type of duty performed
37 U.S.C. §352: Assignment pay or special duty pay	
	$5,000 per month for duration of assignment/duty
37 U.S.C. §353: Skill incentive pay or proficiency bonus	
Skill incentive pay	$1,750 per month
Proficiency bonus	$55,000 per year
37 U.S.C. §355: Critical skill/high-priority unit retention incentives	
	$200,000 (AC) or $100,000 (RC) over total service time

Source: CRS analysis of the *U.S. Code*.

Note: This table does not include authorities that expired prior to 2026 or continuation pay under 37 U.S.C. §356 for eligible servicemembers under the military Blended Retirement System.

S&I Pays for Specific Career Fields

Congress has authorized S&I pays for officers in highly specialized career fields under 37 U.S.C. §§333, 334, and 335. These include aviation, nuclear, and health professions (e.g., doctors); professions which may be in high-demand or command significantly higher salaries in the private sector. These incentive pays are typically used to recruit, retain and incentivize officers to maintain specialized credentials or operational status. In 2017 (P.L. 115-91), Congress authorized a special aviation incentive pay for enlisted operators of remotely piloted aircraft. This authority (37 U.S.C. §334a) expired on December 31, 2018, and has not been reauthorized.

General S&I Authorities for Critical Skills

37 U.S.C. §353 provides an S&I authority for those acquiring or maintaining certain skills. In terms of qualifying skills, this statute specifically references "proficiency in a critical foreign language or expertise in foreign cultural studies;" it also includes skills that are "designated as critical by the Secretary concerned." This provides the Service Secretaries with some discretion to adapt personnel pay policies to shifting geo-political environments or emerging technical career fields. Under 37 U.S.C. §355, the Secretaries of Defense and Homeland Security (for the U.S. Coast Guard) may designate certain "critical" military skills or "high priority" units for retention incentives. This payment is not capped per qualifying event (e.g., reenlistment); rather it authorizes a lifetime cap of $200,000 for the AC and $100,000 for the RC.

Hazardous Duty Pay

Departmental policies provide for three types of hazardous duty pay under the authority in 37 U.S.C. §351: imminent danger pay (IDP), hostile fire pay (HFP), and hazardous duty incentive pay (HDIP). Eligibility for IDP is based on the servicemember's geographic location. IDP is paid daily on a prorated basis for any portion of the day that the member is serving in the designated location. HFP is paid monthly for any period in that month when, per 37 U.S.C. §351(a)(1), the servicemember is exposed to hostile action/hostile area as designated by the Secretary concerned. DOD policy precludes servicemembers from receiving HFP and IDP simultaneously. Under 37 U.S.C. §351(a)(2), HDIP is a monthly payment authorized by the respective Service Secretary for duty designated as hazardous due to "the inherent dangers of that duty and risks of physical injury," (e.g., demolition duty).

Assignment or Special Duty Pay

Under 37 U.S.C. §352 the military Secretaries have broad authority to award up to $5,000 per month for specific types of duty assignments, locations (including cold weather locations), or units. Congress defined "cold weather location" in the FY2024 NDAA (P.L. 118-31) as one where "temperature is expected to drop below -20 °F according to the 2012 Plant Hardiness Zone Map published by the Agricultural Research Service of the Department of Agriculture." The Secretary may require the servicemember to enter into a written agreement with terms for receiving this incentive pay.

Budget

DOD requests appropriations for S&I pays through the annual military personnel (M-1) budget request. The total FY2027 request was about $6.3 billion (see **Table 2**).

Table 2. Special and Incentive Pay Totals

FY2025-FY2027, Dollars in thousands

Branch	FY25 Actual	FY26 Enacted*	FY27 Request
Army	$1,758,872	$1,821,163	$1,676,294
Navy	$2,310,828	$2,391,904	$2,560,054
Marine Corps	$356,884	$385,768	$420,990
Air Force	$1,457,790	$1,519,625	$1,628,364
Space Force	$45,269	$50,435	$60,793
Total	**$5,929,643**	**$6,168,895**	**$6,346,495**

Source: Table compiled by CRS, using data from the DOD's FY2027 Budget Request, Military Personnel Programs (M-1)

Notes: FY26 enacted* includes funds enacted as part of the July 4, 2025 reconciliation package (P.L. 119-21).

Considerations for Congress

Expiration of Authorities: Most S&I pay authorities have been set to expire at the end of the calendar year and have typically been reauthorized annually as part of a National Defense Authorization Act. If Congress does not enact a new authorization prior to the new calendar year, any such authorities could lapse and cause disruptions in servicemember's expected pay. Congress could consider whether to make these authorities permanent, extend expiration timelines, or maintain status quo.

Wartime Costs: Surges in deployments to qualifying regions for hazardous duty pay may increase S&I costs. On February 28, 2026, the Trump Administration expanded locations eligible for these pays to include Middle East areas impacted by Operation EPIC FURY and "any follow-on operation directed by President of the United States." As of October 1, 2026, DOD authorized the full statutory maximum amount of HFP at $450 and IDP at $275 (an increase from DOD's previous caps of $225 for each). DOD has established HDIP below the maximum statutory rate, from $150-$240 per month, depending on the type of duty. Congress could assess whether these caps adequately compensate servicemembers in harm's way.

Consolidation of S&I Pay Authorities: Consolidation of pay authorities enacted for FY2008 was intended to be fully implemented by January 28, 2018; several prior authorities in the *U.S. Code,* however, have not been repealed or sunset. This could create confusion about which pay authorities are applicable. Congress has authorized additional new S&I pay authorities since the FY2008 consolidation; for example, ROTC bonus pay and remotely piloted aircraft pay (the latter lapsed in 2018). Congress could consider whether to repeal outdated authorities, further consolidate existing authorities, or expand or amend authorities to cover specific purposes.

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