SEC. 606. INCREASE IN MAXIMUM AMOUNT OF INCENTIVE BONUS FOR RESERVE COMPONENT MEMBERS WHO CONVERT MILITARY OCCUPATIONAL SPECIALTY TO EASE PERSONNEL SHORTAGES.

Section 326(c)(1) of title 37, United States Code, is amended by striking ", in the case of" the first place it appears and all that follows through "reserve component of the armed forces".

Section-by-Section Analysis

This proposal would eliminate the disparity between what a member of the regular and reserve components can be paid, in the way of a Military Occupational Specialty (MOS) Conversion Bonus (MOSCB) under section 326 of title 37, United States Code. Under current law, members of the regular component can receive a bonus up to $4,000 while payments to members of a reserve component cannot exceed $2,000. This proposal would set the maximum MOSCB payment for both components at $4,000.

The MOSCB policy has, since fiscal year (FY) 2006, affected mainly units that are going through a transformation or reorganization, allowing Soldiers to reclassify voluntarily or involuntarily into an MOS that is below 90 percent fill. The MOSCB for FY 2011 was redefined to offer it to eligible Soldiers who were in over strength MOS's who agreed to move into shortage "critical skill" MOS's below 90 percent fill within the same unit. This was intended to make this incentive more readily available to Soldiers considering reenlistment with the opportunity to reclassify into another MOS.

MOSCB, at the current maximum payment of $2,000, for members of a reserve component, has been an underutilized incentive. The Army National Guard (ARNG) conducted an analysis of the MOS conversion requirements based upon a review of critical MOS's below 90 percent supporting readiness requirements, evaluating the eligible population of Soldiers in the rank of E-6, with under 10 years time in service, and all eligible Soldiers E-5 and below. "Takers" are projected to be 750 at $2,000 for fiscal years (FY) 2013-2017. However, the projection increases to 1,560 if the MOSCB amount is increased to $4,000.

Data collected by the ARNG during FY 2011 indicates that the current MOSCB at $2,000 has not attracted sufficient participants to sign MOSCB agreements in a transforming or reorganizing unit. Increasing the MOSCB from $2,000 for members of the reserve component (ARNG and U.S. Army Reserve) in the armed forces to $4,000 could result in a significant off-set to other related costs if the conversion bonus is successful in attracting Soldiers into critical MOS's. A business case, dollar off-set, may be achieved by reaching MOS fill targets for particular skill level vacancies (E-4 and below) through conversion rather than the Non Prior Service (NPS) enlistment bonus. The MOSCB set at $4,000 is only 25 percent of a $20,000 NPS enlistment bonus for a critical skill. As the ARNG draws down and reduces end strength requirements, it is critical to fill these vacancies.

The ARNG will utilize the MOSCB as a tool to allow Soldiers in over strength MOS's to reclassify into shortage MOS's with a resultant increase in readiness. With the ARNG deployment rates comparable to the active duty components, there should be parity for reserve members in the incentive amount offered. An updated MOS Conversion Bonus amount would also provide an incentive for Soldiers nearing their retention milestone point to see the benefit of considering a MOS conversion prior to reenlistment. Finally, an increased MOSCB will support duty-MOS qualified (MOSQ) fill rates with Soldiers serving under existing service obligations and accelerates MOSQ readiness in critical units.

Budget Implications: The Secretaries' authority to pay MOS conversion payments under authority of section 326 of title 37 is specifically subject to the availability of Service Component resources. The MOSCB has been approved in the POM for FY's 2013-2017. The ARNG believes that this will be a cost savings as we assume that the additional MOSCB takers will result in a corresponding decrease in the necessity for NPS/PS bonuses. The budget formulation is based on the additional MOSCB cost added to the decrease in NPS/PS bonuses. No additional funds are requested.

Bonus	Amount	Takers	Total Cost
MOSCB Additional Costs	$2,000	810	$1,620,000
NPS Savings	$20,000	405*	$(8,100,000)
PS Savings	$15,000	405*	$(6,075,000)

$1.62MIL – $(8.1M) - $(6.075M) = $(12.56M)
*Takers based on 50% of total expected increase in MOSCB participation.

RESOURCE REQUIREMENTS ($MILLIONS)								
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**Appropriation To**	**Budget Activity**	**Dash-1 Line Item**
ARNG	$(12.6)	$(12.6)	$(12.6)	$(12.6)	$(12.6)	National Guard Pay & Allowances	1	1R3

Changes to Existing Law: This section would make the following change to section 326 of title 37, United States Code:

§ 326. Incentive bonus: conversion to military occupational specialty to ease personnel shortage

(a) INCENTIVE BONUS AUTHORIZED.—The Secretary concerned may pay a bonus under this section to an eligible member of a regular or reserve component of the armed forces who execute a written agreement to convert to, and serve for a period of not less than three years in, a military occupational specialty for which there is a shortage of trained and qualified personnel.

(b) ELIGIBLE MEMBERS.—A member is eligible to enter into an agreement under subsection (a) if, at the time the agreement is executed, the member is serving in—

(1) pay grade E-6, with not more than 10 years of service computed under section 205 of this title; or

(2) pay grade E-5 or below, regardless of years of service.

(c) AMOUNT AND PAYMENT OF BONUS.—(1) A bonus under this section may not exceed $4,000~~, in the case of a member of a regular component of the armed forces, and $ 2,000, in the case of a member of a reserve component of the armed forces~~.

(2) A bonus payable under this section shall be disbursed in one lump sum when the member's conversion to the military occupational specialty is approved by the chief personnel officer of the regular or reserve component of the member's armed force.

(d) RELATIONSHIP TO OTHER PAY AND ALLOWANCES.—A bonus paid to a member under this section is in addition to any other pay and allowances to which the member is entitled.

(e) REPAYMENT.—A member who does not convert to and complete the period of service in the military occupational specialty specified in the agreement executed under subsection (a) shall be subject to the repayment provisions of section 303a(e) of this title.

(f) REGULATIONS.—The Secretaries concerned shall prescribe regulations to carry out this section. Regulations prescribed by the Secretary of a military department shall be subject to the approval of the Secretary of Defense.

(g) TERMINATION OF AUTHORITY.—No agreement under this section may be entered into after December 31, 2012.