



OFFICE OF THE UNDER SECRETARY OF DEFENSE  
4000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-4000

PERSONNEL AND  
READINESS

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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS

SUBJECT: Pay Computation for "Gray-Area" Retired Guard and Reserve  
Component Members for Junior Reserve Officers' Training Corps  
(JROTC) Instructor Duty

This directive-type memorandum establishes policy and provides guidance for the computation of pay for retired Guard and Reserve members who are selected for employment as JROTC instructors.

Section 540 of the National Defense Authorization Act (NDAA) for Fiscal Year 2007 (P.L. 109-364; 10 U.S.C. 2031) authorizes the employment of retired Reserve Component members who are not yet receiving retirement benefits (i.e. "gray area" retirees) as JROTC instructors. Furthermore, the Act defines the upper limit of the Department's financial commitment to an institution hiring such an employee as "up to one-half of the difference between (A) the retired or retainer pay for an active duty officer or noncommissioned officer of the same grade and years of service for such period, and (B) the active duty pay and allowances which the member would have received for that period if on active duty."

For purposes of implementation, the retiree's years of Reserve and Guard service shall be directly equated to the equivalent number of years of active duty service when determining the relevant level of retired pay. This standard is demonstrated in the attached example. Thus, the method for computing the pay for a "gray area" retiree serving as a JROTC instructor will be exactly the same as that of a similarly situated active duty retiree of the same grade and years of service.

This memorandum is effective immediately. The guidance in this directive-type memorandum shall be incorporated in DoD Instruction 1215.13, "Junior Reserve Officers' Training Corps Program" at the next opportunity. My POC for this issue is Lt Col Brenda Leong, USAF; she can be reached at DSN 225-5529, commercial (703) 695-5529, or [brenda.leong@osd.mil](mailto:brenda.leong@osd.mil).

  
Michael L. Dominguez  
Principal Deputy

Attachment:  
As stated



PROCEDURES FOR THE COMPUTATION OF “GRAY-AREA” GUARD AND  
RESERVE RETIREE JROTC INSTRUCTOR COMPENSATION

The procedures for the salary computation of the “Gray-Area” Guard and Reserve JROTC instructors are illustrated in the examples below.

Example A.

1. A retired Reserve NCO applies and is selected by the host school as a JROTC instructor.

2. Retired Guard and Reserve Instructors under the age of 60 are not in receipt of retirement pay from the U.S. Government; therefore retirement pay will be computed using their pay entry base date. All creditable service will be used for obtaining the percentage of “computed” retirement pay. In this example, the Reserve NCO is an E-8 with 6 years of active duty and 18 years of reserve service. Therefore his "computed" retirement pay is for an E-8 with over 24 years of service – which would equate to 60 percent of base pay. Therefore, his annual “computed” retirement pay is \$30,156.00.

3. In accordance with DODI 1205.13, JROTC, the minimum amount due the instructor from the School District is the difference between the annual “computed” retirement pay and what the instructor would earn annually if called to active duty, as outlined below.

A. Active Duty Pay and Allowances.

- Basic pay.
- Basic allowance for housing (based upon zip code of the school).
- Allowance for CONUS cost-of-living (if applicable).
- Allowance for overseas housing (if applicable).
- Allowance for overseas cost of living (if applicable).
- Allowance for uniforms (enlisted only).
- Basic allowance for subsistence.

B. In the case of the E-8 with 24 years, the total is \$71,976.96. The difference (active duty pay and allowances minus retirement pay) is \$41,820.96, which is therefore the amount owed to the JROTC Instructor by the host school.

C. Reimbursement to the school district from the Federal Government is one-half of this amount, or in this case, \$20,910.48.

Example B.

1. The school district involved may choose to compensate a JROTC instructor ("gray area" or active duty retiree more than the minimum identified by DODI 1205.13.
2. Minimum annual compensation, as computed above, is \$41,820.96, of which half is the school's commitment, \$20,910.48. The school may opt to pay the JROTC Instructor on the same wage scale as other similarly qualified instructors, with a starting salary of \$28,000. Thus the instructor's total compensation package would be \$48,910.48.
3. DoD is still responsible to reimburse the host school for only \$20,910.48.