

**SUMMARY OF MAJOR CHANGES TO CHAPTER 60  
DOD 7000.14-R, VOLUME 7A  
MILITARY PAY POLICY AND PROCEDURES ACTIVE DUTY AND RESERVE PAY**

**New and revised instructions are indicated by a star placed immediately before the new or revised section, paragraph, subparagraph, decision logic table, etc.**

<b>Page</b>	<b>Paragraph</b>	<b>Explanation of Change/Revision</b>	<b>Effective Date</b>
	Complete chapter rewrite	IC 28-99 is a complete chapter rewrite.	Jul 1, 1999
60-1, 60-3	600102.A, 600202.A, Bibliography	IC 21-00 increases the Armed Forces Health Professionals scholarship and Financial Assistance Program.	Jul 1, 2000

## ★CHAPTER 60

**PAYMENT OF MEMBERS OF THE ARMED FORCES HEALTH  
PROFESSIONS SCHOLARSHIP AND FINANCIAL ASSISTANCE PROGRAM  
(AFHPS/FAP)**

6001 ARMED FORCES HEALTH PROFESSIONS SCHOLARSHIP PROGRAM

600101. Authority. Public Law 92-426 (reference (dr)) established the Armed Forces Health Professions Scholarship Program. Under this program selected individuals are appointed commissioned officers in the Reserve Components and detailed to civilian institutions for training in a health profession.

600102. Pay Entitlement

★ A. Stipend. Except during periods of active duty (see subparagraph 600102.B, below), members enrolled in this program are entitled to a stipend of \$973.00 per month (effective July 1, 1999), including periods of absence. This rate shall be increased by the Secretary of Defense on July 1 of each year by an amount to be rounded to the next highest multiple of \$1 equal to the amount of the previous stipend, multiplied by the overall percentage of the increase in the rates of basic pay for members of the uniformed services made effective for the fiscal year in which the school year ends.

1. Payment. The stipend is payable during the course of study and during vacation periods when members are not on active duty. The stipend is prorated for portions of a month at the beginning and end of the course of study and at the beginning and end of any active duty period.

2. Termination. Some students complete their professional degree requirements several months before the formal graduation ceremony and conferral of the professional degree. In those cases where the actual award of the professional degree is a prerequisite to recommissioning into a professional corps or utilization in the profession, and a lapse of time occurs for administrative reasons, the payment of the stipend should be terminated. The date for termination of the stipend should be the completion of the academic training if this date precedes the date of graduation by more than 45 days.

3. Recoupment. Educational costs of the program are subject to recoupment when members of the program are dropped for deficiency in conduct or studies, or when members for other reasons fail to fulfill their contractual agreement as a result of action not initiated by the government.

B. Active duty. Members enrolled in this program will be ordered to active duty for a period of 45 days during each year of participation in the program. Such members may be paid an advance of pay when reporting for the 45-day active duty tour. (See paragraph 320106 of this volume.) During the active duty period, including allowable travel time under Table 2-4, members serve in pay grade O-1 and are entitled to full pay and allowances (see Chapter 57) for that grade. This applies even though a member may hold a higher Reserve grade under a different statute. Any creditable service before entering this program is includable in determining the rate of basic pay.

600103. Officer's Initial Uniform Allowance. A member of the Armed Forces Health Professions Scholarship Program is entitled to an initial uniform allowance upon reporting for the first period of active duty required by 10 U.S.C. 2121(c) (reference (c)). (See section 3002 of this volume.)

600104. Servicemembers' Group Life Insurance (SGLI). Members, while under this program, members are entitled to SGLI coverage for the 45-day active duty tour. (See sections 4701-4708 of this volume.) For deductions during active duty periods, see section 4705 of this volume.

600105. Tax Withholding

A. Active duty pay paid under this program is subject to federal income tax withholding (FITW) and Federal Insurance Contribution Act (FICA) in the same manner as prescribed in Chapters 44 and 45 of this volume.

B. Monthly stipends paid to students entering the program on and after January 1, 1981, are subject to FITW. The stipend for students enrolled before January 1, 1981, remained exempt through calendar year 1984. Monthly stipends are not subject to FICA withholding.

C. Amounts paid directly to schools on behalf of students for tuition, books, fees, and laboratory expenses and any reimbursements for such items paid to students participating at any time in the program are not subject to withholding for FITW or FICA.

600106. Settlement of Deceased Member's Accounts. See section 3602 of this volume for authority for payment of any unpaid pay and allowances (includes amount of unpaid stipend.)

6002 FINANCIAL ASSISTANCE PROGRAM

600201. Authority. Public Law 101-189, section 725 (reference (ds)), substantially modified the Armed Forces Health Professions Scholarship Program. Effective November 29, 1989, the law added a new Financial Assistance Program (FAP) which provides for the award of grants and stipends to eligible physician residents and fellows in specialized training who agree to active duty service obligations. As a member of the FAP, a physician is appointed

as a Medical Corps officer under DoD Directive 6000.13 (reference (dy)).

600202. Pay Entitlement

★ A. Grant. A member of the FAP is paid an annual grant in addition to the authorized stipend (subparagraph 600202.B, below). Effective July 1, 1999, the annual grant is \$20,591.

1. A grant is paid annually based on the rate in effect on the date of entitlement.

2. A grant is pro-rated only for partial years of participation, to include the final payment. Subsequent installments are to be issued on the anniversary date of the initial payment.

3. The amount of each grant is reviewed and increased as appropriate in the same manner as provided for the stipend.

B. Stipend. Except when serving on active duty (see paragraph 600204, above), a member is entitled to a monthly stipend at a rate equal to that authorized for other AFHPS participants by paragraph 600102, above.

1. Payment starts effective on the date of execution of the oath of office, the date of execution of the FAP contract, or the date of commencement of specialized training, whichever is latest.

2. Payment normally continues until the date of completion of specialized training. If a member of the FAP is suspended or disenrolled from the designated course of specialized training, stipend payments terminate effective on that date.

C. Dual Payments. The authority to make the grant and stipend payments is not affected by any payments made to the member by the civilian training institution.

600203. Recoupment. A member of the FAP who fails to complete specialty training because of deficiency in conduct or studies, or who for other reasons fails to fulfill the contractual agreement as a result of action not initiated by the government, may be required to reimburse the government for all or portion of payments received while a member of the FAP. Recoupment is at the direction of the Secretary of the Military Service concerned. The requirement to recoup may be waived by the Secretary concerned as being in the best interest of the government.

600204. Active Duty. A member of the FAP is required to serve on active duty with full pay (including Reserve Medical Officer's special pay) and allowance in the member's grade for a period of 14 days each year of participation, or portion thereof. This active duty period may be served at the location where the person is receiving specialized training if it

otherwise would interrupt the member's residency or fellowship training to serve elsewhere on active duty.

600205. Officer's Initial Uniform Allowance. A member of the FAP is entitled to an initial uniform allowance upon reporting for the first period of active duty required by 10 U.S.C. 2121(c) (reference (c)). (See section 3002 of this volume.)

600206. Servicemembers' Group Life Insurance (SGLI). A member of the FAP is eligible for SGLI with part-time coverage of the annual 14-day active duty tour discussed above. For part-time coverage deductions, see paragraph 580703 of this volume.

600207. Tax Withholding

A. Active duty pay under this program is subject to FITW and FICA in the same manner as prescribed in Chapters 44 and 45.

B. Monthly stipends are subject to FITW, but not subject to FICA withholding.

C. Annual grant is subject to FITW, but not subject to FICA withholding.

600208. Settlement of Deceased Member's Accounts. See section 3602 of this volume for authority for payment of any unpaid pay and allowances (include the amount of unpaid stipend).

## Chapter 60—Payment of Members of the Armed Forces Health Professions Scholarship and Financial Assistance Program (AFHPS/FAP)

## 6001—Armed Forces Health Professions Scholarship Program

	600101	Public Law 92-426, Sep 21, 1972 37 U.S.C. 415
★	600102A	10 U.S.C. 2121(d) OASD(HA) Memo, April 19, 2000
	600104	38 U.S.C. 765, 767 26 U.S.C. 117 Public Law 94-455, Section 2130, Oct 4, 1976 Public Law 96-167, Dec 29, 1979 Public Law 96-541, Dec 17, 1980
	600106	10 U.S.C. 2771 37 U.S.C. 501(d)

## 6002—Financial Assistance Program

	600201-600208	OASD(MRAI&L) Memo, Dec 20, 1989
★	600202A	10 U.S.C. 2127 (e) OASD(HA) Memo, April 30, 2000
	600202A2	OASD(P&R)(MPP) Memo, Jun 13, 1995