



DEPARTMENT OF THE NAVY

COMMANDER NAVY RESERVE FORCE

1915 FORRESTAL DRIVE

NORFOLK, VIRGINIA 23551-4615

COMNAVRESFORINST 12550.2

N00CP

10 Sep 13

COMNAVRESFOR INSTRUCTION 12550.2

Subj: DISCRETIONARY CIVILIAN PAY FLEXIBILITIES

Ref: (a) DOD Instruction 1400.25 of 06 Apr 2009
(b) DON Civilian Human Recourse Manual
(c) 5 CFR 575.106
(d) 5 CFR 575.206
(e) COMNAVRESFORINST 5320.2A
(f) SECNAVINST 12550.1
(g) 5 USC 5307

1. Purpose. To establish Commander, Navy Reserve Force (COMNAVRESFOR) policy and guidance for use of compensation flexibilities per references (a) through (d). This instruction also corresponds with reference (e) which outlines the COMNAVRESFOR approval process for utilizing civilian pay flexibilities.

2. Cancellation. COMNAVRESFORINST 12570.1A.

3. Scope. This guidance applies to all COMNAVRESFOR civilian employees. Commands may supplement this guidance as needed to include the use of local procedures. Per reference (e), approval must be obtained by the Resource Management Board for utilization of the discretionary pay flexibilities outlined in this instruction.

4. Background. Reference (f) established the Department of Navy's (DON) policy and assigned responsibility to Heads of Major Commands for ensuring compliance with compensation directives issued by higher level authorities. This instruction outlines the approval process for using discretionary compensation flexibilities and establishing pay above minimum rates to attract and support a talented and sustainable civilian workforce necessary for mission accomplishment. Accordingly per reference (b), decisions for authorizing these flexibilities will also consider the components of the total rewards concept and the command's fiduciary standards.

5. Policy

a. Superior Qualifications/Special Needs Appointments. These are pay-setting flexibilities intended to provide additional hiring tools to assist in attracting well qualified candidates from outside the current Federal workforce for positions that are likely to be hard to fill or in hard-to-fill locations or for which the candidates have unique or specialized skills. Such pay-setting flexibilities allow a salary rate to be set above the minimum level of the assigned grade because of the superior qualifications of the potential candidate, the special need of the command for the candidate's services or the special qualifications of the candidate.

(1) Use of superior qualifications/special needs appointments should only be considered when the candidate is unlikely to accept the position at the normal entry-level rate. When determining the advisability of using one of these flexibilities, consideration must be given to overall pay alignment within the organization and other salary management considerations. A determination must then be made whether use of one of these pay-setting authorities is in the best interest of the government and the command. Specifically, managers must consider:

(a) Labor market factors such as scarcity of qualified candidates, demand for the candidate's services by other employers and differences in Federal and non-Federal pay levels.

(b) Internal equity by reviewing the proposed salary of the new appointee and the salaries of current employees in the same or similar positions, rates of pay previously authorized in similar situations, pay levels of comparable employees and potential impact on staff morale.

(c) Any short and long-term impact on budgets and available funding.

(2) In determining whether to use the superior qualifications or special-needs pay-setting authority and the step of the grade to offer, the manager must first consider the possibility of authorizing a recruitment incentive. Examples of situations in which a manager may consider using special needs to set salary are:

(a) The applicant is especially well suited for a unique function or project.

(b) The applicant's qualifications are too specialized to be meaningfully compared to standard qualifications.

(c) The minimum rates for grade levels are substantially lower than non-federal rates for comparable positions, resulting in a competitive disadvantage for the command.

(3) The use of superior qualifications/special needs/special qualifications pay-setting flexibilities must be approved prior to the potential candidate's entrance on duty. No salary commitment may be made until approval is obtained to offer a specific salary. The selecting official may conduct initial salary discussions with the prospective employee and gather information about the applicant's qualifications, existing pay and salary requirements. The decision, along with supporting justification, must be in writing and endorsed by a Department Chief of Staff (COS), Senior Advisor or Field Commander prior to submission to the Resources Management Board for approval. Written documentation must be provided to justify the use of these pay-setting authorities, factors directly related to the use of the approved salary rate must be identified and a reason provided for authorizing a higher than minimum salary instead of using a recruitment incentive for General Schedule and General Government employees. A firm salary commitment cannot be made to the potential employee until COMNAVRESFOR Civilian Human Resources has confirmed the starting salary in the tentative job offer.

b. Highest Previous Rate (HPR).

(1) Under the Maximum Payable Rate Rule, commonly known as HPR, managers may recommend setting a current or former employee's rate of basic pay at a rate higher than the otherwise applicable rate upon reemployment, transfer, reassignment, promotion, demotion, change in a type of appointment, termination of a critical position pay authority, movement between pay systems or termination of grade or pay retention. The rate of pay must be effective on the effective date of the action involved and may not exceed the highest step of the grade to which placed.

(2) Application of HPR permits the salary to be set up to the highest level of pay previously earned by an employee in another federal job. To set salary under this authority, the

manager must compare the employee's highest previous rate of pay with the rates for the grade in which the employee is currently being placed.

(3) The HPR must be a rate of basic pay received by an employee while serving on a regular tour of duty under an appointment not limited to 90 days or less or for a continuous period of not less than 90 days under one or more appointments without a break in service.

c. Recruitment and Relocation Incentives. Managers may recommend a recruitment incentive to a newly appointed employee to fill a position that would otherwise be difficult to fill or a relocation incentive to a current Federal employee who must relocate to accept a position in a different commuting area. In return, the employee must sign a service agreement with the DON. A recruitment incentive may be used in combination with superior qualifications and may be paid to employees covered by a special rate. Both incentives are subject to the limit on aggregate compensation established per references (e) and (g).

(1) Documentation supporting recruitment and relocation incentives must include:

(a) The basis for determining that the position is likely to be hard to fill, considering the factors outlined per references (c) and (d) as applicable.

(b) The basis for recommending the recruitment or relocation bonus.

(c) The basis for the amount and timing of the incentive payment and the length of the required service period.

(d) For relocation incentives, the fact that the selectee's current worksite is not in the same geographic area as the worksite of the position for which selected.

(2) Before an incentive may be paid, the employee, offered such an incentive, must sign a NAVRES 12550/1 to complete a 2 to 3 year employment period with the DON per reference (b).

(3) An incentive shall be calculated as a percentage of the employee's annual rate of basic pay up to a maximum of 25

percent of the employee's annual rate of basic pay multiplied by the number of years in the service agreement. The incentive may be paid in the following manner:

(a) In a lump sum at the beginning of the service period stated in the service agreement.

(b) In equal or variable installment payments throughout the service period.

(c) As a final lump-sum payment at the end of the specified service period.

(d) Incentive payments made for periods of time which are not completed per individual service agreements are overpayments and are subject to the Department of Defense debt collection process. Recovery of an employee's debt may be waived in whole or in part by the Defense Finance and Accounting Service upon request by COMNAVRESFOR COS or Executive Director if it is determined that recovery would be against equity and good conscience or against the public interest.

d. Retention Incentives. Managers may recommend continuing payments of up to 25 percent of basic pay for individual employees or 10 percent for groups of employees that exemplify unusually high or unique qualifications which make it essential to retain the employee in his or her current position and the employee would be likely to leave the Federal service in the absence of a retention incentive. In addition, managers may recommend continuing payments to individual employees that exemplify unusually high or unique qualifications which make it essential to retain the employee in his or her current position during a period of time before the closure or relocation of the employee's office, facility, activity or organization; and the employee would be likely to leave their current position for a different position in the Federal service. Before receiving a retention incentive, an employee must sign a written agreement, enclosure (1), to complete a 2 to 4 year employment period with the DON.

(1) Documentation supporting retention incentives must include:

(a) The basis for determining that the unusually high or unique qualifications of the employee (or group of

employees) or a special need of the command for the employee (or group of employees) services make it essential to retain the employee(s).

(b) The basis for determining that the employee (or a significant number of employees in a group) would be likely to leave the Federal service (or the employee's current position in a closure situation) in the absence of a retention incentive.

(c) The basis for establishing the amount and timing of the approved retention incentive payment and the length of the required service period.

(2) The incentive may be paid in the following manner:

(a) In a lump sum at the end of the service period stated in the service agreement.

(b) In installment payments following the completion of specified periods of service.

6. Action. All COMNAVRESFOR commands will adhere to the policies in this instruction.

7. Forms. NAVRES 12550/1, Recruitment, Relocation or Retention Incentives Service Agreement is available for download on the COMNAVRESFOR and Naval Forms Web site:



R. K. HUDGENS
Executive Director

Distribution:

Electronic copy via COMNAVRESFOR web site

<http://navyreserve.navy.mil>