DEPARTMENT OF THE NAVY
BUREAU OF MEDICINE AND SURGERY
7700 ARLINGTON BOULEVARD
FALLS CHURCH VA 22042

BUMEDINST 12550.1A
BUMED-N1
31 Jul 2026

BUMED INSTRUCTION 12550.1A

From: Chief, Bureau of Medicine and Surgery

Subj: RECRUITMENT AND RETENTION FLEXIBILITIES AND INCENTIVES POLICIES AND PROCEDURES

Ref: (a) 5 CFR 575
(b) DoD Instruction 1400.25 of 2 February 2018
(c) DoD Instruction 1400.25 of 7 May 2020
(d) DoD Instruction 1400.25 of 31 Aug 2009
(e) DON Civilian Human Resources Manual, Subchapter 550: Pay Administration
(f) SECNAVINST 12631.1
(g) DON OCHR memo 12500 Ser 012/019-05 of 31 Jan 2005

Encl: (1) Recruitment and Relocation Incentives
(2) Retention Incentives
(3) Student Loan Repayment Program
(4) Credit for Prior Non-Federal Work Experience and Certain Military Service for Determining Annual Leave Accrual Rate
(5) Definitions

1. Purpose. To issue policy and procedures for the use of certain incentives and flexibilities to assist in recruiting and retaining mission critical and hard-to-fill positions, per reference (a), Volume 575 of reference (b), Volume 537 of reference (c), Volume 631 of reference (d), reference (e), located at https://portal.secnav.navy.mil/orgs/MRA/DONHR/compensation/Pay%20Admin/CHRM%200550%20-Pay%20Administration%20(General).pdf and references (f) and (g), located at https://portal.secnav.navy.mil/orgs/MRA/DONHR/compensation/Pay%20Admin/DON%20Student%20Loan%20Repayment%20Program%202005.pdf. References cited in this instruction and other related documents, are available via the Bureau of Medicine and Surgery (BUMED) SharePoint Web site homepage under BUMED-HRO compensation: https://esportal.med.navy.mil/bumed/HRO/Redesign/Compensation.aspx. This instruction is a complete revision and should be reviewed in its entirety.

2. Cancellation. BUMEDINST 12550.1.

3. Scope and Applicability. This instruction applies to all Navy Medicine commands and activities with Budget Submitting Office (BSO) 18 assigned civilian personnel.

4. Background. References (a) through (e) delegate authority for use and approval of these flexibilities to echelon 2 commands with further authority to delegate to commanders and commanding officers (CO). Reference (a) establishes when and how agencies can pay incentives to attract and retain a skilled workforce. The Department of War (DoW) published reference (b) to set forth policy and procedures for the use of recruitment, relocation, and retention incentives, commonly referred to as the "3Rs". The DoW policy and procedures for the student loan repayment program (SLRP) are found in reference (c), and the DoW policy and procedures regarding credit for prior non-federal work experience and certain military service for determining annual leave accrual credit (ALAC) are found in reference (d). The overall Department of the Navy (DON) policy and procedures regarding pay administration are found in reference (e). The DON policy and procedures regarding credit for prior non-federal work experience and certain military service for determining ALAC are found in reference (f), and the policy and procedures for the SLRP are found in reference (g).

5. Discussion. BUMED policy and procedures for the recruitment, relocation, and retention incentives (3Rs), SLRP, and ALAC per references (a) through (g) are set forth in enclosures (1) through (4). Enclosure (5) is a list of important definitions pertaining to recruitment and retention incentives and flexibilities.

6. Roles and Responsibilities

a. Surgeon General of the Navy (who also performs the duties of Chief, BUMED(BUMED-N00)). Oversees the administration of recruitment and retention flexibilities, and incentives, and encourage managers and supervisors across BSO18 to utilize a wide variety of options available to appropriately recruit and retain civilian employees.

b. Director, Headquarters (HQ) Operations (BUMED-N02B) will:

(1) Approve incentives for civilian personnel assigned to BUMED HQ (unit identification code: 00018) and HQ detachments, or refer them to the Total Force Management Board for approval in cases where additional discussion is required.

(2) Establish and monitor the process for requesting recruitment and retention incentives and flexibilities at BUMED HQ.

c. Director, Manpower and Personnel (BUMED-N1) will develop BUMED policy on the request, approval, and use of recruitment and retention incentives and flexibilities in Navy Medicine.

d. Director, Civilian Human Resources (BUMED-N11) will:

(1) Provide echelon 2-level program policy interpretation, advice, guidance, administration, and oversight of the program.

(2) Serve as the liaison for Navy Medicine with DON and DoW incentives.

e. BUMED-N11 will:

(1) Ensure implementation, administration, and training on use of incentives and flexibilities to BUMED Human Resources (HR) staff, supervisors, and managers.

(2) Provide operational advice and support on the use, request, and approval of incentives and flexibilities.

(3) Maintain request and approval documents and provide these documents to Office of Civilian Human Resources Operations Center for processing, audit, and record keeping purposes.

f. Echelon 3 Commanders will:

(1) Ensure commands and activities under their purview are cognizant of the purpose and requirements of the various incentives per this instruction.

(2) Adhere to the requirements prescribed herein for their respective personnel.

g. Commanders, COs, Officers in Charge, and Activity Heads will:

(1) Comply with references (a) through (g) as the authorized management official (AMO). They may delegate AMO authority one level lower, however, this authority will not be further delegated.

(2) Establish a civilian workforce recruitment and retention strategy that ensures a consistent and judicious approach for the use of incentives. The amount offered should be consistent with what is necessary to attract or retain a qualified employee to fill the position.

(3) Ensure incentives are used for positions that would otherwise be hard-to-fill.

(4) Establish internal procedures, consistent with this instruction, that ensure the timely submission and processing of incentive requests.

(5) Appoint the ALAC reviewing official (ALACRO) for purposes of processing ALAC requests for personnel being assigned to their respective activities.

h. Requesting Management Official (MO) will:

(1) Discuss hiring options with the servicing human resources office (HRO) advisor and the potential for the use of incentives early in the hiring process.

(2) Assume primary responsibility for incentive request packages from initiation up through the approval and processing by the HR advisor.

i. The ALACRO will:

(1) Review ALAC requests and determine the amount of prior experience that is creditable.

(2) Confirm with HR advisor and the new hire's senior leadership that the new hire's position meets the eligibility criteria, per reference (d) and this instruction.

(3) Ensure ALAC request package is complete, per the procedures in enclosures (4).

(4) Forward endorsement and recommendation for ALAC to the AMO.

7. Policy

a. General. In addition to the general program eligibility requirements outlined in references (a) through (g) and enclosures (1) through (4), it is BUMED policy to use recruitment and retention flexibilities and other incentives for positions that would otherwise be hard to fill.

b. Approval Authority

(1) Commanders, COs, and officers in charge of Navy Medicine commands and activities are hereby designated as the AMO with the authority to approve the 3Rs, SLRP, and ALAC for eligible occupations. This approval authority may be delegated no lower than deputy commander or executive officer.

(2) The AMO is authorized to approve the 3Rs for up to the maximum amounts allowable, per reference (b).

(3) Approval must be documented prior to employee entering on duty for all recruitment incentives. There are no provisions for retroactive approval of recruitment incentives after entering on duty.

c. Maximum Pay Limitation. The statutory aggregate limitation on total pay stipulates that total compensation in a calendar year may not exceed Executive Schedule, Level 1. Total pay includes base pay, locality or special rate supplement, premium pay, cash awards, and incentives.

d. The 3Rs are not part of an employee's rate of basic pay for retirement calculations, benefits, and other similar purposes.

8. Documentation

a. Activities are responsible for ensuring that records documenting the determination to pay incentives are maintained and provided to the servicing HRO.

b. The 3Rs, as well as the SLRP, will require a written service agreement. A copy of all service agreements must be maintained by the supervisor and the HRO.

c. Activities must complete and document an annual review and recertification of retention incentives. The amount of the incentive may be adjusted or eliminated by the approval authority if circumstances warrant such an action. If the incentive is adjusted or eliminated, the activity will notify the employee(s) in writing. If the review results in continuation of the incentive, the review must document, in writing, that the unusually high or unique qualifications of the employee(s) or a special need of the DON for the employees' services makes it essential to retain the employee. The activity must also certify that the employee would be likely to leave the Federal Government (for any reason, including retirement) in the absence of a retention incentive. The review must be approved by the appropriate MO and forwarded to the servicing HRO.

9. Records Management

a. Records created as a result of this instruction, regardless of format or media, must be maintained and dispositioned per the records disposition schedules located on the DON Assistant for Administration, Directives and Records Management Division portal page at https://portal.secnav.navy.mil/orgs/DUSNM/DONAA/DRM/Records-and-Information-Management/Approved%20Record%20Schedules/Forms/AllItems.aspx.

b. For questions concerning the management of records related to this instruction or the records disposition schedules, please contact the local records manager or the OPNAV Records Management Program (DNS-16).

10. Review and Effective Date. Per OPNAVINST 5215.17A, BUMED-N1 will review this instruction annually around the anniversary of its issuance date to ensure applicability, currency, and consistency with Federal, DoW, Secretary of the Navy and Navy policy and statutory authority using OPNAV 5215/40 Review of Instruction. This instruction will be in effect for 10 years, unless revised or cancelled in the interim and will be reissued by the 10-year anniversary date if it is still required, unless it meets one of the exceptions in OPNAVINST 5215.17A, paragraph 9. Otherwise, if the instruction is no longer required, it will be processed for cancellation as soon as the need for cancellation is known following the guidance in OPNAV Manual 5215.1 of May 2016.

11. Forms and Information Management Control

a. Information required for a complete 3Rs or SLRP package is available at: https://esportal.med.navy.mil/bumed/HRO/Redesign/Compensation.aspx.

b. SECNAV 12631/1 Request for Credit of Non-Federal, Volunteer, & Active Duty Uniformed Service Experience for Annual Leave Rate Cover Sheet Secretary of the Navy (SECNAV) Form is available electronically at https://www.secnav.navy.mil/doni/NFOL/Forms/AllItems.aspx?RootFolder=%2Fdoni%2FNFOL%2FSECNAV%2FSECNAV%20Forms.

c. Standard Form 52 Request for Personnel Action is available electronically from the U.S. General Services Administration Web site at https://www.opm.gov/forms/standard-forms/.

d. The reports required in this instruction, are exempt from reports control per SECNAV M-5214.1 of December 2005, part IV, subparagraph 7k.

M. Case
M. CASE
Acting

Releasability and distribution:
This instruction is cleared for public release and is available electronically only via the Navy Medicine Web site, https://www.med.navy.mil/directives/

RECRUITMENT AND RELOCATION INCENTIVES

1. Recruitment Incentive (General)

a. Reference (e) delegates authority to approve recruitment, relocation, and retention incentives to commanders and COs. A recruitment incentive may be paid to an employee who is newly appointed to fill a position that would otherwise be difficult to fill. It must be requested and approved prior to the employee's entrance on duty date.

b. Newly appointed means first appointment, regardless of tenure, as an employee in the Federal government or an appointment as a former Federal employee following a break in service of at least 90 calendar days. (There are other uncommon types of "new appointments" defined in reference (b), section 575.102).

c. The employee must sign a written agreement to complete a required service period of no more than 4 years. The agreement must be signed and approved prior to obtaining approval for the incentive.

d. The AMO may approve an incentive up to the maximum percentage allowable, per reference (a) subpart A of the employee's annual rate of pay at the beginning of the service period. A Federal civilian employee's annual rate of basic pay includes base pay plus the locality or special rate supplement and will be referred to as annual rate of pay throughout this instruction.

e. Group Recruitment Incentives. Activities may target groups of similar positions identified as difficult to fill in the absence of the incentive. The activity must establish criteria in advance for offering recruitment incentives to all newly appointed employees in the targeted group. (Group incentives may not be paid to employees in senior level or senior scientific and senior technical positions, employees appointed as senior executive service career employees, employees in executive service positions, or employees in similar categories for which payment of recruitment incentives has been approved by the Office of Personnel Management.)

2. Relocation Incentive (General)

a. A relocation incentive may be paid to a current Federal employee who will need to relocate, without a break in service, to accept a position that would otherwise be difficult to fill and is in a different geographic area. As defined in reference (a), section 575.205(b), a different geographical area is 50 miles or more from the worksite of the position held immediately prior to the new worksite. The relocation may be permanent or temporary.

b. The AMO must approve the relocation incentive before the employee begins duty in the position to which relocated, and the employee must establish a residence in the new geographic area before the relocation incentive is paid.

c. The employee must sign a written agreement to complete a required service period of no more than 4 years. The agreement must be signed and approved prior to obtaining approval for the incentive.

d. To be eligible for a relocation incentive, a general schedule employee must have a rating of record of at least "Fully Successful" or equivalent for the position held immediately prior to the move.

e. Group Relocation Incentives. Management may approve a group relocation incentive under the conditions listed in subparagraphs 2e(1) through 2e(3):

(1) The employee is part of a group of employees subject to a mobility agreement and relocation incentives are necessary to ensure continuation of operations; or

(2) A major organizational unit is relocated to a new duty station and the relocation incentives will ensure continued operations of that unit without undue disruption to operations or functions deemed essential to the command's mission.

(3) A decision to approve a group relocation incentive must be supported by a written determination that specifies the group of covered employees, the conditions requiring the group incentive, and the period of time during which authorization of the group incentive is valid.

3. <u>Request Criteria for Recruitment and Relocation Incentives</u>. The criteria listed in subparagraphs 3a through 3h must be considered when approving a recruitment incentive. Some positions covered under direct hiring authorities are considered to meet the eligibility criteria by nature of their criticality. Questions regarding whether a position meets the intent of the criteria should be discussed with the servicing HRO.

a. The lack of availability and quality of candidates.

b. The lack of success of recent recruitment efforts.

c. Recent turnover in similar positions.

d. Salaries paid for similar positions outside the Federal Government.

e. Competitive employment trends and labor-market factors.

f. Special or unique competencies required for the position.

g. Use of non-pay authorities (e.g., alternate work schedules).

h. Desirability (or lack thereof) of the duties.

4. Procedures to Request and Approve Recruitment and Relocation Incentives

a. The incentive request must meet the criteria per references (a) and (b) and approved at the appropriate authority level. Commands should consult with their HR advisor during the preparation and approval process to ensure request meets program criteria.

b. The total amount of incentive to be paid must be a function of a percentage of the employee's annual rate of pay multiplied by the number of years in the service agreement, not to exceed 4 years. This will determine the total recruitment incentive to be paid. For example, activity X is giving a recruitment incentive of 25 percent to a pharmacist whose annual rate of pay is $100,000 and the service agreement is 4 years. The total incentive is (.25 x $100,000) x 4 = $100,000). This becomes the maximum incentive that can be paid.

c. The incentive request form must contain a written justification for the incentive, which should include:

(1) The determination that the position is likely to be difficult to fill in the absence of the incentive;

(2) The supporting factors used to authorize the incentive;

(3) The reasons for determining the amount and timing of the payments;

(4) The reasons for determining the length of the service period.

d. Relocation Incentive Only. Affirmation that the employee's new position is in a different geographic area (i.e., worksite of the new position is 50 or more miles from the worksite of the position held immediately prior to the move or affirmation that the 50-mile requirement was waived) and affirmation that the employee established a residence in the new geographic area.

e. Funding Certification. All requests for an incentive must be signed by the comptroller or budget official certifying that funding is available.

f. Processing. Once the incentive is approved by the AMO, the request, service agreement, and Standard Form (SF) 52 Request for Personnel Action must be submitted to the servicing HRO.

5. Payment Options. Per reference (b), subparagraph 4.2, incentives must be paid:

a. In a single lump sum at the beginning of the service period as specified in the service agreement;

b. As a final lump-sum payment at the end of the service period; or

c. In equal or variable installment payments throughout the service period as specified in the agreement. Examples:

(1) Equal: Activity "Y" gives a recruitment incentive to a pharmacist for a 4-year service agreement, total incentive is $100,000 paid in four equal installments of $25,000 each at the completion of each year of the service period.

(2) Variable: Same scenario as subparagraph 5c(1), only the amounts are paid in various amounts, such as: $10,000 end of first year; $20,000 second year; $30,000 third year; and $40,000 at completion of the fourth year.

d. A recruitment incentive (either as a lump sum or as the first of a series of installment payments) may be paid to an employee who has not yet reported to duty once he or she has signed a service agreement.

6. Recruitment and Relocation Incentive Service Agreement Requirements

a. The employee must sign a service agreement prior to receiving any recruitment or relocation incentive payments.

b. The service agreement must stipulate the period of service, total amount authorized, beginning and ending dates of the service period, method of payment, and conditions for termination of the agreement.

c. The beginning date of the service period must begin on the first day of the employee's service with the organization and end on the last day of a pay period. However, if the employee does not begin work on the first day of the pay period, the service period will begin on the first day of the next pay period. If the employee is required to complete a probationary period or an initial period of formal training, the employee's service period may be delayed until the beginning of the pay period following the completion of the probationary or training period.

7. Termination of a Service Agreement

a. Service agreements will terminate when an employee is demoted for cause, is separated for cause, or receives a less than "fully successful" or equivalent rating of record.

b. The AMO may unilaterally terminate the agreement based solely on management needs, such as reduction-in-force or insufficient funds. Under these circumstances the employee must be informed in writing of such termination and is entitled to all incentive payments already received. However, they may not grieve or appeal a management decision to terminate an agreement.

c. An employee who fails to complete the service agreement due to performance, demotion, or other reasons of his or her own choice must reimburse the government for the amount of all benefits received under the existing agreement that are in excess of the amount attributable to completed service.

RETENTION INCENTIVES

1. Authorization of Retention Incentives

a. Under the authority as stipulated in reference (e), the AMO may approve a retention incentive for an employee who has unusually high or unique qualifications, or when the activity has a special need for the employee's services that makes it essential to retain the employee, and that the employee would be likely to leave the Federal service for employment in the private sector in the absence of a retention incentive. It is in the judgment of the MO and the AMO that there is serious intent on the part of the employee that he or she will leave Federal service in the absence of the incentive. Factors that may be considered include tenure with the Federal government, the transferability of the employees' skills to the private sector, comparable pay in the private sector, etc.

b. The AMO may approve individual retention incentives up to authorized maximum amount, per references (a) and (b).

c. Management may approve a group retention incentive where there is a high risk that a significant number of the employees in that occupation would likely leave the Federal service in the absence of the group retention incentive.

d. Group retention incentives may not be paid to employees in senior level or scientific or professional positions, employees in executive schedule positions, or employees in similar categories for which payment of recruitment incentives has been approved.

e. Activities may not authorize a retention incentive for an employee prior to the employee entering on duty. Nor may the incentive be authorized for an employee currently under a service agreement for a recruitment incentive, relocation incentive, or education support. This does not apply to a service agreement for student loan repayment.

f. Commands should contact their servicing HRO to seek guidance, coordinate requests, and identify whether an incentive is appropriate.

2. Request Criteria: Individual Incentive. Per reference (a), section 575.306(b), in order to approve an individual employee retention incentive, management must take into consideration:

a. Lack of availability and quality of candidates.

b. Who, with minimal training, could perform the duties of the position.

c. The success (or lack thereof) of recent efforts to recruit and retain employees with similar competencies.

d. Special or unique competencies required for the position.

e. Organizational efforts to use non-pay authorities to help retain employees (e.g., worksite alternatives; work scheduling flexibilities).

f. The desirability (or lack thereof) of the work, organizational environment, or geographic location of the position.

g. Salaries paid for similar positions outside the Federal Government.

h. The extent to which the employee's departure would affect the organization's ability to carry out its mission, perform a function, or complete a project deemed mission essential.

3. Request Criteria: Group Incentive. To approve a group retention incentive, management must first narrowly define the group and then consider:

a. Occupational series and availability of quality candidates.

b. Grade level.

c. Distinctive job duties.

d. Special or unique competencies required for the position.

e. Assignment to a special project and impact on mission or cost.

f. Minimum service requirements.

g. Organization or team designation.

h. Desirability, or lack thereof geographic location.

i. Other factors deemed essential by the organization.

4. Procedures. Each decision to pay a retention incentive must be documented using the appropriate DON Retention Incentive Justification Form. Commands should consult with their servicing HRO during the preparation and approval process to ensure the request meets program criteria. The written justification should include:

a. The determination that the unusually high or unique qualifications of the employee (or group of employees) or a special need of the activity for the employee's (or group of employees') services makes it essential to retain the employee(s);

b. The determination that the individual employee, or a significant number of a targeted group of employees, would be likely to leave the Federal service in the absence of the incentive;

c. The reasons for determining the amount and timing of the payments; and

d. The reasons for determining the length of the service period if a period of service is required.

5. Comptroller or Budget Official Certification. Prior to submission of the retention request to the AMO the request must be approved by the comptroller or budget official certifying that funding is available.

6. Payment Options

a. Retention incentives may be paid in a single lump-sum payment after the completion of the full service period, in installments after the completion of specified periods of service or paid biweekly as part of the employee's pay. Retention incentives may not be paid in lump sum at the beginning of the service period or as an installment in advance.

b. Single lump-sum payments paid upon completion of the service period are derived by multiplying the retention incentive percentage rate established for the employee (or group of employees) by the annual rate of pay earned by the employee during the full service period. For example, if an employee with an annual rate of pay of $100,000 signs a 3-year agreement for 25 percent then the calculation would be: (3 x $100,000) x (.25) = $75,000 lump sum paid at the completion of a 3-year service agreement.

c. An installment payment is derived by multiplying the annual rate of pay the employee earns in the installment period by the percentage not to exceed the percentage established for the employee by the AMO. Using the same example in subparagraph 6b of this instruction, if the agreement is to pay 3 equal installments at the end of each year of the service agreement, then the formula for each installment would be: (.25 x $100,000) = $25,000 lump sum paid at the completion of each of the 3 years as specified in the service agreement.

d. Installments may be paid after the completion of specified periods of service using variable percentages for each installment. If this method is used, the organization must pay the accrued but unpaid portion of the retention incentive as part of the final payment upon completion of the service agreement. An example of this type of payment agreement, again using the previous example, might be 15 percent($15,000) first installment (after first year); 25 percent($25,000) second installment (after second year); and then 35 percent ($35,000) at the end of the third year.

e. If the payment option is the biweekly method, the employee's annual rate of pay is multiplied by the approved percentage (no greater than 25 percent) and divided into 26 equal biweekly payments. For example, if management has agreed to pay 25 percent in biweekly payments to the critical care nurse whose annual rate of pay is $100,000 then the calculation would be (.25 x $100,000) / (26) = $960 in biweekly payments.

f. Care must be taken not to exceed the pay cap based on total annual salary plus incentive.

7. Service Agreement Requirements. The employee must complete and sign a service agreement prior to receiving any retention incentive payments. A written service agreement is not required if the retention incentive is paid in biweekly installments and the biweekly installment payment is set at the full retention incentive percentage rate established for the employee. Service agreements for retention incentives must contain:

a. The period of service (in months and years) agreed to by the employee.

b. The actual beginning and ending dates of the service period. The service period must begin on the first day of a pay period and end on the last day of a pay period. Please Note: This may be amended to update dates of service if start date changes due to delays in entry-on-duty.

c. The retention incentive percentage rate.

d. The method of payment, and, if paid in installments, the method of installment payments (i.e., equal percentage rates or reduced percentage rates per installment with a final lump-sum payment of the accrued but unpaid amount of the incentive).

e. The conditions under which management must terminate the service agreement (i.e., if an employee is demoted or separated for cause, or receives a rating of record of less than "Fully Successful" or equivalent).

f. The terms or conditions that may result in termination of the service agreement (e.g., insufficient funds, reassignment to a different type of position, management needs, and reduction in force).

g. The extent to which periods of time on detail, in a non-pay status, or in a paid leave status are creditable towards completion of the service period.

h. The consequence of both voluntary and management decisions to terminate service agreements (e.g., conditions under which the employee must repay any unearned portion of the incentive he or she may already have received).

i. A statement that the decision to terminate a service agreement may not be grieved or appealed.

8. Annual Certification of Retention Incentives

a. The activity must certify annually the continuing need for the retention incentive. This annual certification must be done no later than 60 days prior to the anniversary date of the initiation of the incentive.

b. The AMO must make a written determination whether the allowance is still warranted and that the conditions giving rise to the original determinations still exist. In addition, they must establish procedures to review the appropriateness of payment whenever the conditions that originally prompted the payment have significantly changed, including a significant increase in basic pay or a change in position of record. Comptroller approval for the continuation of the retention incentive will also be documented. Once complete, the recertification package should be sent to the appropriate servicing HRO.

9. Termination of Retention Incentive

a. Retention incentives must be terminated when employees move to different positions. In addition, the incentives must be reduced or terminated whenever payment at the level originally approved is no longer warranted. Factors to consider include:

(1) Amount, if any, necessary to retain the employee or employees;

(2) Availability of qualified candidates;

(3) Budget conditions; and

(4) Other supporting factors.

b. Service agreements will terminate when an employee is demoted or separated for cause. Performance ratings of less than "Fully Successful" or an equivalent rating of record will result in termination of an agreement and the incentive. In addition, management may unilaterally terminate the agreement based solely on management needs such as reduction-in-force or insufficient funds.

c. An employee who fails to complete the period of service specified in the service agreement for the reasons described herein, or otherwise fails to fulfill the terms of the service agreement, must reimburse the government for the amount of all benefits received under the existing agreement that are in excess of the amount attributable to completed service.

d. An employee who does not complete the period of service because the authorizing official unilaterally terminates a service agreement based on a management need is entitled to all incentive payments already received.

e. An employee is not entitled to any accrued, unpaid amount attributable to completed service unless required by the terms of the service agreement.

f. Management must notify an employee in writing when an employee's service agreement and retention incentive is terminated. The employee is entitled to receive any scheduled incentive payments through the end of the pay period in which the written notice is provided or until the date of separation, if sooner.

g. Employees may not grieve or appeal decisions to terminate the agreement.

STUDENT LOAN REPAYMENT PROGRAM

1. General Information. As stipulated in reference (c), AMOs have the authority to approve payment up to $10,000 in a calendar year and up to a total of $60,000 in federally insured student loans, paid directly to the lending institution, on behalf of a qualified Federal civilian employee. Student loan payments are considered as income and are therefore taxable. The employee must sign a service agreement to remain with Navy Medicine for a period of at least 3 years. A participant of the SLRP must reimburse the DON for all benefits received if they are separated voluntarily or involuntarily for cause during the service agreement period. The DON student loan repayment (SLR) can be paid in addition to any of the other flexibilities and can be used as a recruitment or retention tool.

2. Policy Guidance

a. The DON SLRP can be used by a command or an activity as a recruitment tool or as a retention tool. The requesting MO for whom the employee will be working, or is currently working, will be responsible for documenting the circumstances surrounding the need to offer the DON SLR for the current or prospective employee.

b. If to be used as a recruitment incentive it must be approved and DON SLR application completed prior to the employee entering on duty. The requesting MO will document how the activity, department, or division would encounter difficulty in filling this position with a highly qualified individual if the candidate declines to accept the position in the absence of DON SLR.

c. If used as a retention tool the requesting MO will document the consequences of not offering DON SLR to the employee who is filling a critical and hard to fill position. They must explain how the employee might be likely to leave Navy Medicine for employment outside the Federal Government in the absence of the incentive. Additionally, documentation will include why it is essential to retain the employee because of his or her high or unique qualifications and skills and the extent to which the departure of the employee would affect the command's ability to carry out a function that is essential to the command's mission.

d. Activities can repay more than one loan as long as the loan repayments do not exceed the $10,000 per year or $60,000 lifetime limit. Activities cannot reimburse late fees if assessed by the loan holder if the loan repayment is not received on time.

e. The employee is responsible for continuing to make loan payments on the portion of the loan for which he or she is responsible and for any income tax obligation resulting from the student loan benefit.

3. Procedures

a. DON SLR Request. The requesting MO, on behalf of the applicant, will submit the DON SLR request package to the AMO. The requesting MO must consult with the servicing HRO during the preparation and approval process to ensure the request package meets program criteria. A complete request package will include the SLR request, the DON application, and the DON Service Agreement.

Please Note: Due to the time sensitivity of DON SLR as a recruitment tool, the DON SLR request can be submitted to the AMO without a completed DON SLR application or the completed DON SLR service agreement. Once approved, the employee or candidate, with the assistance of the MO and their servicing HRO, can complete the application and service agreement to facilitate the actual loan repayment by the Defense Finance and Account Service (DFAS).

b. The servicing HRO will verify the existence of, and the balance remaining on qualifying outstanding loans as required by 5 CFR 537.105. This can be accomplished by requesting the applicant complete the DON SLR application and forwarding to the loan holder for verification.

4. DON SLR Service Agreement

a. The employee must sign the DON SLR service agreement prior to any payment being made against his or her loan. All service agreements require a minimum 3-year commitment, which begins on the date DFAS makes the first payment to the loan holder. A completed copy of the DON SLR service agreement will be transmitted to DFAS who will use this document to begin making payments to the lender.

b. Within the criteria addressed in this instruction and references (c) and (g), the DON SLR Service Agreement can specify other employment conditions for continued authorization. These can include a requirement that the employee perform specific duties and meet all the conditions of employment for the position. These conditions must be defined on the first page of the DON SLR Service Agreement, under "Conditions of Employment."

5. Documentation and Record Keeping. The servicing HRO will maintain the documentation for each DON SLR to include the DON SLR request, the DON SLR application, and the SLR Service Agreement. Use of this authority will be evaluated during periodic assessment of HR programs, such as the annual Human Capital Management Assessment.

6. Report. The BUMED HRO will be responsible for the annual DON SLR report to the Office of Civilian Human Resources, per reference (g).

CREDIT FOR PRIOR NON-FEDERAL WORK EXPERIENCE AND CERTAIN MILITARY SERVICE FOR DETERMINING ANNUAL LEAVE ACCRUAL RATE

1. General. Annual leave for Federal civilian employees is earned on an hourly basis per each 2-week pay period based on years of Federal service: (1) Less than 3 years of Federal service earns 4 hours of annual leave per pay period; (2) 3 to 15 years of service earns 6 hours of annual leave per pay period; and (3) 15 or more years of Federal service earns 8 hours of annual leave per pay period. Credit for prior non-Federal work experience or certain military service experience may be creditable for determining annual leave accrual rate that exceeds the normal entry accrual rate level.

2. Eligibility

a. Under reference (d), the AMO may approve a newly appointed Federal civilian employee, or one who is reappointed after a break in service of at least 90 calendar days, to receive credit, not to exceed 15 years, for non-Federal work experience or honorable Military Service, on a month for month basis, that is directly related to, and essential to, the new position.

b. Annual leave accrual rate setting authority, hereafter referred to as ALAC, is a discretionary recruitment flexibility used in the same manner as the monetary recruitment incentive (enclosure (2)). It provides the opportunity for a newly appointed employee filling a mission critical, mission essential, and hard-to-fill position the opportunity to have his or her annual leave accrual rate set above the normal entry accrual rate.

3. Policy

a. The knowledge, skills, abilities, and experience of the employee must be essential to the new position and have been acquired through performance in the military or through non-Federal employment in which the duties and responsibilities are current and directly related to the position to which the employee is being appointed.

b. There is no entitlement to ALAC. ALAC is a discretionary flexibility used to recruit mission critical, mission essential, or hard-to-fill positions. Merely having prior military experience (or prior non-Federal experience) that is identical or directly related to the new position is not in and of itself justification for the awarding of ALAC. As a rule of thumb ALAC should not be considered if management is not willing to consider a recruitment incentive (monetary) for a newly hired employee.

c. There are no provisions for retroactive awarding of ALAC. As a recruitment incentive, ALAC must be approved prior to the effective date of initial appointment or reappointment. Lack of knowledge of ALAC, a desire to change the amount of credit previously awarded, or failure to meet deadlines are not sufficient reasons for an exception to this policy.

d. Management will develop a consistent approach for the awarding of ALAC as a component of its civilian workforce strategy to attract high quality talent. Occupations that have been identified as hard-to-fill may be awarded ALAC at the command or activity level. Management will track positions awarded ALAC and ensure similarly situated employees are treated in a consistent manner.

e. Service granted under this authority is not creditable for retirement or reduction-in-force. An employee who separates from Federal service or transfers to another Federal agency (outside DoW) before completing one full year of continuous service with DoW is not entitled to retain annual leave credit under the provisions of this policy. Reference (a) prescribes policy that must be adhered to for an employee who transfers to another Federal agency prior to completing 1 year of service.

4. Procedures

a. As soon as a vacancy occurs the MO needs to contact the command HR advisor to consider options for filling the vacancy. The potential for ALAC as a recruitment incentive should be identified early in the process.

b. Once it has been determined that ALAC will be offered, it is essential that the requesting procedures begin by initiating the request package. Although the request is from the employee, normally the MO will coordinate the request with the HR advisor and help the employee put the request package together for submission to the annual leave accrual credit reviewing official (ALACRO).

c. The ALACRO must then forward the package, along with his or her recommendation, to the AMO, ensuring it includes form SECNAV 12631/1. Normally the MO that is requesting ALAC will have already prepared the AMO approval letter in order to help expedite the process. The ALACRO can make changes, if needed. The request must be approved prior to the employee's entrance on duty.

5. Documentation. The documents required for ALAC application packages are:

a. Cover Sheet. The applicant should use SECNAV 12631/1.

b. Resume. The applicant will need to ensure their resume complies with ALAC requirements (i.e., specific dates (MM DD YYYY)) for the periods of military service or prior non-Federal work experience that the candidate feels should be considered for purposes of ALAC. Resumes should be in chronological sequence and very descriptive of the duty assignment, job title, and duties and responsibilities. The ALACRO, or AMO, may require the applicant to provide supplemental documentation that clearly documents the length and nature of the experience to be credited.

c. Position Description. A copy of the approved position description is required.

d. DD Form 214 Certificate of Release or Discharge from Active Duty. Retired military members wishing to claim prior military service must provide member copy 4 of the DD Form 214. Prior service must be honorable in order to be considered.

e. SF-144A, Statement of Prior Service-Worksheet. Creditable non-Federal or honorable, active duty military service must be documented. The HR advisor should maintain these forms.

f. ALAC Justification. The ALAC justification may be included in the cover letter or on a separate sheet. The applicant may also provide supplemental documentation in a format that satisfies the specific requirements of the justification. The elements must be provided in the justification for each period of prior work experience or military service (duty assignment) that the applicant wishes to be credited:

(1) Specific beginning and ending dates (MM DD YYYY);

(2) Location or name of duty station or work location;

(3) Position title;

(4) Description of the duties, responsibilities, and work performed;

(5) Detailed explanation of how the duties performed directly relate to those of the position being filled; and

(6) Number of months that the candidate wishes to be awarded leave credit for the specified periods of work performed, private sector or military, that he or she feels is directly related, if not the same, that is required of the new position.

g. ALACRO Endorsement. The ALACRO will provide an endorsement to the applicant's package. He or she will review the applicant's package, specifically the SECNAV 12631/1, resume and justification, and make their own determination regarding which experience is worthy of being credited and for how many months. The ALACRO may simply concur with the applicant. However, if not, the endorsement must specify which experience should or should not be credited and number of months.

6. Review and Approval

a. The ALACRO provides the final review and recommendation for credit to be awarded and documents the recommendation on the endorsement. The ALACRO may consult with experts in the department where the new applicant will be working to obtain assistance in helping to determine the validity of prior work experience that may be credited. Credit is awarded month for month for specific periods of time in which duties relate to the current job. The ALACRO may request additional information from the employee if the resume is not written in a manner that the reviewer can easily understand.

b. AMO. If the AMO concurs with the ALACRO's recommendation to award ALAC to the employee, they must sign the approval letter.

c. The approved ALAC package will be submitted to the HR advisor, who will forward it to the servicing Office of Civilian Human Resources Operations Center.

DEFINITIONS

1. Annual Rate of Basic Pay. The annual rate of basic pay is base pay plus the locality supplement or special rate supplement for employees under the general schedule and is used as the basis for determining recruitment, relocation, and retention incentives. For sake of brevity the term annual rate of pay is used within this instruction.

2. AMO. The AMO is the commander or commanding officer of a BSO -18 activity. The AMO is the approval authority for all flexibilities, incentives, physicians and dentists pay plan compensation, and other recruitment and retention programs. This authority may be delegated to the deputy commander or executive officer, but no further.

3. MO. The requesting MO is a military or civilian who holds a senior level position in the department, directorate, clinic, or ward and serves as the sponsor or advocate for a new hire and the civilian personnel under his or her cognizance. The requesting MO may serve as the hiring manager or selecting official and assumes responsibility for assisting the new hire with incentives and onboarding issues. The requesting MO will also have oversight and will sponsor, as appropriate, retention incentives for current employees.