



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

IN REPLY REFER TO
BUMEDINST 12550.1
BUMED-M1
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BUMED INSTRUCTION 12550.1

From: Chief, Bureau of Medicine and Surgery

Subj: RECRUITMENT AND RETENTION FLEXIBILITIES AND INCENTIVES
POLICIES AND PROCEDURES

Ref: (a) USD P&R memo of 21 Sep 2006
(b) DoDI 1400.25-M, Volumes 543 and 631
(c) CHRM Subchapter 550, Pay Administration (General)
(d) DON OCHR memo 12500 Ser 012/019-05 of 31 Jan 2005

Encl: (1) Acronyms
(2) Recruitment and Relocation Incentives
(3) Retention Incentives
(4) Superior Qualifications Appointment
(5) Credit for Prior Non-Federal Work Experience and Certain Military Service for
Determining Annual Leave Accrual Rate
(6) Student Loan Repayment Program
(7) Recruitment, Relocation, Retention Incentive Request Format
(8) Superior Qualifications Appointment Request Format
(9) Annual Leave Accrual Credit Request Format
(10) Student Loan Repayment Request Format
(11) Recruitment, Relocation, and Retention Incentives Service Agreement
(12) Annual Verification of Biweekly Retention Incentive Payments
(13) Definitions
(14) Frequently Asked Questions

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 references (a) through (d). Enclosure (1) is provided for information and clarification. The references, and other related documents, are available via the Bureau of Medicine and Surgery (BUMED) Homepage/SharePoint Web site under BUMED-M1/M11 compensation documents.
<https://es.med.navy.mil/bumed/HRO/CC/Pages/Classification.aspx>.

2. Cancellation

- a. BUMED memo 12350 Ser M1/09UM1166 of 10 June 2009.
- b. BUMED memo 12301 Ser M1/07UM1103 of 18 Jan 2007.

3. Scope. This instruction applies to all Navy Medicine commands and activities with Federal civilian personnel assigned.
4. Background. The Department of Defense (DoD) published reference (a) to set forth policy and procedures for the use of recruitment, relocation, and retention incentives, commonly referred to as the “3Rs.” Volume 631 of reference (b) established DoD policy for the awarding of credit for prior non-federal work experience and certain military service for determining annual leave accrual rate, which will be referred to as annual leave accrual credit (ALAC). The regulations for superior qualifications appointment (SQA) are prescribed in reference (c), and Department of the Navy (DON) policy and procedures for the student loan repayment program (SLRP) are found in reference (d). References (a) through (d) delegate authority for use and approval of these flexibilities to echelon 2 commands with further authority to delegate to commanders and commanding officers.
5. Discussion. BUMED policy and procedures for the recruitment, relocation, and retention incentives (3Rs), SQA, ALAC, and SLRP are per references (a) through (d) and set forth in enclosures (2) through (6). Enclosures (7) through (12) provide the formats for the incentives and the incentive service agreement. Enclosure (13) is a list of important definitions pertaining to recruitment and retention incentives and flexibilities, and enclosure (14) is a list of frequently asked questions.
6. Responsibilities
 - a. Executive Director, BUMED Headquarters (HQ) must be the approval authority for recruitment and retention incentives for personnel assigned to BUMED HQ. Under the direction of the Executive Director, BUMED HQ, the Director for Administration must establish and monitor the process for requesting recruitment and retention incentives at BUMED HQ.
 - b. Director, Total Force must develop BUMED policy on the request, approval, and use of recruitment and retention incentives and flexibilities in Navy Medicine.
 - c. Director, Civilian Human Resources (HR) must exercise overall program management and policy guidance for recruitment and retention incentives in Navy Medicine.
 - d. Navy Medicine Region and Functional Commanders must:
 - (1) Ensure that 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 HQ personnel.

e. Commanders and Commanding Officers must:

(1) Comply with references (a) through (d) which delegate approval authority for the incentives prescribed herein to Echelon 2 commands and commanders and commanding officers of field activities. Under this authority they serve as the authorized management official (AMO) and may delegate AMO authority to the deputy commander or executive officer. This authority may 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 no more than what is necessary to attract or retain a qualified employee to fill the position.

(3) Ensure incentives are used primarily for mission critical, mission essential, and/or hard-to-fill occupations, as defined in enclosure (13).

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

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

f. Chairman, Physicians and Dentists Pay Plan (PDPP) Activity Compensation Panel (ACP) must ensure the appropriate use of recruitment and retention incentives for newly hired physicians and dentists, per Volume 543 of reference (b). The ACP will ensure that incentives are being used in a consistent manner for similarly situated PDPP employees.

g. The Management Official (MO) must:

(1) Discuss hiring options with the HR Advisor and the potential for the use of incentives early in the hiring process for mission critical, mission essential, and hard-to-fill occupations, per enclosures (2) through (6).

(2) Inform ACP of the desire to use a recruitment incentive for a physician or dentist that is a new hire, noting that it must be approved before the employee's appointment date.

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

h. The ALACRO must:

(1) Review ALAC requests and make a determination concerning 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 Volume 631 of reference (b) and this instruction.

(3) Ensure ALAC request package is complete per the procedures in enclosures (5) and (9).

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

i. Director HR Office must ensure implementation, administration, and training of incentives and flexibilities to BUMED HR staff and serviced commands.

j. HR Advisors must:

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

(2) Maintain request and approval documents for audit and record keeping purposes.

7. Policy

a. General. In addition to the general program eligibility requirements outlined in references (a) through (d) and enclosures (2) through (6), it is BUMED's policy to use recruitment and retention flexibilities and incentives primarily for occupations identified as mission critical, mission essential, and hard-to-fill, as defined in enclosure (13).

b. Approval Authority

(1) Per references (a) through (d), commanders, commanding officers, and officers-in-charge of Navy Medicine commands and activities are hereby designated as the AMO with the authority to approve the 3Rs, student loan repayment, ALAC, and SQA 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, as prescribed in enclosures (1) and (2), for amounts up to 25 percent of the employee's total annual salary (base pay plus locality or special rate supplement). The Office of Personnel Management approval is required for 3R incentives greater than 25 percent or 10 percent for group incentives.

(3) The PDPP ACP process will be used to award payment of the 3Rs, ALAC, and SQA for physicians and dentists. Per volume 543 of reference (b) the ACP will recommend, and the AMO will approve, the use of the 3Rs to recruit and/or retain a physician or dentist up to amounts of 25 percent of annual pay, which under PDPP regulations is base pay plus market pay. Above 25 percent will require OPM approval. Although commanders and commanding officers

may have a sound strategic business case for relying on a retention incentive for a particular physician or dentist it is the intent of Volume 543 of reference (b) that market pay will be adjusted, as needed, to address retention issues whenever feasible.

(4) 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 (ES), Level 1. Total pay includes base pay, locality or special rate supplement, premium pay, cash awards, and incentives. It does not include market pay for physicians and dentists under the PDPP system.

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 human resources office.

b. The 3Rs will require a written service agreement. The service agreement format, enclosure (11), was designed for use with any one of the recruitment or retention incentives described herein. A copy of all service agreements must be maintained by the supervisor and the HR office. Reference (d) contains the required service agreement for the SLRP.

c. The format in enclosure (12) must be used by activities annually to document the review of retention incentives that are paid in the biweekly method to employees in mission critical, mission essential, or hard to fill positions. The amount of the incentive may be adjusted or eliminated by the approval authority if circumstances warrant such an action. If the review results in continuation of the incentive a full justification must be included with the annual review documentation.

9. Records. Records created as a result of this instruction, regardless of media and format, must be managed per SECNAV M-5210.1 of January 2012.

10. Reports. The reports required in this instruction, are exempt from reports control per SECNAV M-5314.1 of December 2005, Part IV, Paragraph 7k.

11. Forms

a. The following DD Form 214, Certificate of Release or Discharge from Active Duty form is available at: <http://www.dtic.mil/whs/directives/infomgt/forms/formsprogram.htm>.

b. The following Standard Forms are available electronically from the U.S. General Services Administration website at: <http://www.gsa.gov/portal/forms/type/SF>.

(1) Standard Form 52, Request for Personnel Action.

(2) Standard Form 144A, Statement of Prior Service-Worksheet.



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Distribution is electronic only via the Navy Medicine Web site at:
<http://www.med.navy.mil/directives/Pages/BUMEDInstructions.aspx>

ACRONYMS

3Rs	Recruitment, Relocation, and Retention Incentives
ACP	Activity Compensation Panel
AMO	Authorized Management Official
BUMED	Bureau of Medicine and Surgery
CFR	Code of Federal Regulations
DFAS	Defense Finance and Accounting Service
DoD	Department of Defense
DON	Department of the Navy
ES	Executive Service
GS	General Schedule
HQ	Headquarters
HR	Human Resources
HTF	Hard to Fill
ALAC	Annual Leave Accrual Credit
ALACRO	Annual Leave Accrual Credit Reviewing Official
MEO	Mission Essential Occupation
MO	Management Official
PSW	Pay Setting Worksheet
SLR	Student Loan Repayment
SLRP	Student Loan Repayment Program
SQA	Superior Qualifications Appointment
ST	Senior Scientific and Technical

RECRUITMENT AND RELOCATION INCENTIVES

1. Recruitment Incentive (General)

a. Reference (a) delegates authority to approve recruitment, relocation, and retention incentives to commanders and commanding officers. A recruitment incentive may be paid to an employee who is newly appointed to a mission critical or mission essential position, and in the absence of the incentive-hard 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 5 Code of Federal Regulations (CFR) 575.102.).

c. The employee must sign a written agreement to complete a required service period of not less than 6 months or 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 25 percent of the employee's annual rate of pay at the beginning of the service period. Based on critical need an activity may request to exceed the 25 percent limit, up to 50 percent for a maximum 2-year agreement. Such requests must be approved by OPM. 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 mission critical or mission essential, and, in the absence of the incentive, hard-to-fill. 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 OPM.)

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 is mission critical or mission essential, and, in the absence of the incentive, is hard to fill and is in a different geographic area. As defined in 5 CFR 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 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 not less than 6 months or 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 following conditions:

(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. Request Criteria for Recruitment and Relocation Incentives. The below criteria must be considered when approving a recruitment incentive. Positions covered under direct and expedited 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 human resources office (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, enclosure (7), must be used to prepare and route the request for approval. 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, not to exceed 25 percent, 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 $(.25 \times \$100,000) \times 4 = \$100,000$. 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 SF-52, Request for Personnel Action must be submitted to the servicing HRO.

5. Payment Options. The incentive may be paid by one of the following methods:

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 above 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/she has signed a service agreement.

6. Recruitment/Relocation Incentive Service Agreement Requirements

a. The employee must sign a service agreement prior to receiving any recruitment or relocation incentive payments. Enclosure (11) is provided as the service agreement format. It must be completed in its entirety, signed and dated by the employee, and signed and dated by the senior management official in the employee's chain of command.

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 begins work on other than 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.

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

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 paragraph A.2. of reference (a), the AMO may approve a retention incentive for a position that is mission critical or mission essential and, in the absence of the incentive, be a hard to fill position. A retention incentive may also be considered 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. Evidence that the employee has received an offer of employment from a private firm may be required to justify a retention incentive. However, a bona fide job offer may not always be required, particularly with mission critical and mission essential occupations (MEO) which are recognized as being in high demand in the private sector as evidenced by eligibility for direct and expedited hiring authority, Title 38 special salary rate authority, and Title 38 premium pay authority. In these instances it is in the judgment of the management official 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.

b. The AMO may approve individual retention incentives up to 25 percent of an employee's annual rate of pay or up to 10 percent for group incentives.

c. A retention incentive up to 50 percent of an employee's annual rate of pay may be authorized by the OPM based on a critical need. Requests must be based on determinations that the employee's unusually high or unique qualifications are critical to the successful accomplishment of an important mission or project. Requests to exceed 25 percent for individual incentives must be submitted to OPM for approval.

d. Management may approve a group retention incentive for a mission critical or MEO in which 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.

e. Group retention incentives may not be paid to employees in senior level or ST positions, employees in ES positions, or employees in similar categories for which payment of recruitment incentives has been approved.

f. 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 the Student Loan Repayment.

g. Commands should contact their HR Advisor to coordinate requests, ask questions, and identify whether an incentive is appropriate.

2. Request Criteria: Individual Incentive. In order to approve an individual employee retention incentive, management must consider the following:
- 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. In order to approve a group retention incentive, management must first narrowly define the group and then consider the following:
- 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;
 - i. Desirability, or lack thereof geographic location; or
 - j. Other factors deemed essential by the organization.

4. Procedures. Each decision to pay a retention incentive must be documented following the request format provided in enclosure (7). Commands should consult with their HR Advisor during the preparation and approval process to ensure 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/Budget Official Certification. Prior to submission of the retention request to the AMO the request must be signed 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 a critical care nurse with an annual rate of pay of \$100,000 signs a 3-year agreement for 25 percent then the calculation would be: $(3 \times \$100,000) \times (.25) = \$75,000$ 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 above 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: $(.25 \times \$100,000) = \$25,000$ 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% (\$15,000) first installment (after first year); 25% (\$25,000) second installment (after second year); and then 35% (\$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 \times \$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 using enclosure (11) prior to receiving any retention incentive payments. If the bi-weekly method is used then the activity must certify annually the continuing need for the retention incentive payments using enclosure (12) for employees in mission critical, mission essential, or hard to fill positions. Continuation of biweekly payments requires a new service agreement. Service agreements for retention incentives must contain the following information:

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. 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/she may already have received).

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

8. Termination of Retention Incentive

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

(1) Amount, if any, necessary to retain the employee/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 also be grounds to terminate 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/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.

9. Physicians and Dentists Pay Plan (PDPP)

a. It is the intent of the PDPP, as provided in Volume 543 of reference (b), that the market pay component of a physician's and a dentist's annual pay may be adjusted as needed to address retention issues.

b. If the original intent of providing a retention incentive to a PDPP employee was to ensure the physician or dentist did not leave Federal service for employment in the private sector and the incentive was also used to close the pay gap then the conversion of the retention incentive to market pay would be appropriate and a sound compensation strategy.

c. When a PDPP employee receiving a retention incentive using the biweekly method to address a temporary trend or situation in the local physician/dentist labor market or a temporary situation at the command, and the clinician's annual pay was at or above the 50th percentile for his/her specialty, would it make sense to evaluate the need for the retention incentive under the annual verification requirement. If circumstances warrant a continuing need for the incentive the Activity Compensation Panel should consider converting the annual value of the incentive to market pay.

SUPERIOR QUALIFICATIONS APPOINTMENT

1. General. An AMO may use the superior qualifications appointment (SQA) to set the payable rate of basic pay for an employee, selected to fill a mission critical or mission essential position, above the minimum rate of the highest applicable rate range for the employee's position of record.

2. Eligibility. Per paragraph 6 of reference (c) an AMO may approve the use of SQA for a candidate receiving a first appointment with the Federal government or for a reappointment of an employee with a break in service of at least 90 days from a previous position in the Federal government.

3. Policy

a. The AMO may set the step level of a qualified candidate above the step one level when necessary to recruit individuals who possess unusually high qualifications and/or unique experience and skills that meet a special need of the command. The use of SQA may be used alone or in conjunction with other recruitment incentives to attract mission critical, mission-essential, and hard-to-fill positions.

b. It is imperative that activities use SQA in a manner that demonstrates consistency and equity among similarly situated occupations or specialties. This is especially true of mission critical occupations or mission essential occupations.

c. Since SQA is a permanent increase in the rate of base pay for the employee it has significantly more long-term value than other recruitment incentives. Management officials seeking to use SQA to help attract quality talent may consider a recruitment incentive either in lieu of or in conjunction with SQA.

d. The requesting management official (MO) must compare the grade and step level of other employees in the command with specific emphasis on those employees in the same occupation and at the same grade level. The MO must ensure consistency and equity of similarly situated occupations and specialties.

4. Procedures

a. The MO must be mindful of the time sensitivity in the SQA request process. It is essential that he/she solicit the advice and recommendation of the HR Advisor. The HR Advisor will help the MO in putting together the SQA request. This will be very important if a recruitment or relocation incentive is also being offered.

b. The requesting MO will complete the SQA request, enclosure (8). Commands should consult with their HR Advisor during the preparation and approval process to ensure requests

meet program criteria. The MO must analyze all pertinent information to ensure that a SQA is the appropriate recruitment incentive. The justification for SQA must be based on the superior qualifications of the candidate, and/or the candidate fills a special need of the command. The narrative portion of the request must address the following criteria:

(1) Superior Qualifications Appointment of the Candidate

(a) Describe the level, type, and quality of the candidates' skills and competencies demonstrated and obtained through experience, education, and training. Describe how the candidate's skills and competencies are relevant to the requirements of the position to be filled. Describe how these qualities are significantly higher than those minimally required for the position and be of a more specialized quality compared to those of other candidates.

(b) Describe the quality of the candidate's accomplishments and achievements and how they compare and how they may exceed others in the same field.

(c) Describe other factors relating to experience, education, training, certifications, skills, and competencies that warrant consideration for receiving an appointment above the minimum level for this position.

(2) Needs of the command/unique mission requirement

(a) Describe the type, level, or quality of skills and competencies or other qualities and experiences possessed by the candidate that are relevant to the requirements of the position and are essential to accomplishing an important mission, goal, or program activity.

(b) Describe how the candidate meets a special program need or strategic workforce objective, as documented in the Strategic Human Capital Plan.

(c) Describe recent turnover in the same or similar positions. This should include the importance or critical nature of the position to be filled and the effect on the command or activity if it is not filled or if there is a delay in filling it.

c. Other applicable information. The MO should address the following information, if obtainable:

(1) The candidate's existing salary, recent salary history, or salary documented in a competing job offer, taking into account the competing job's geographic location and comparing the salary to payable rates of basic pay in the same location. The desire of the candidate may also be considered.

(2) The local market and/or national average salary level for the same or similar job in the private sector for someone with the same education, experience, skills, and competencies. Describe any significant disparities between Federal and non-Federal salaries for the skills and competencies required in the position to be filled.

(3) Existing labor market conditions and employment trends, including the availability and quality of candidates for the same or similar positions. Discuss the success, or lack thereof, of recent efforts to recruit candidates for similar positions.

(4) The desirability of the geographic location, duties, and/or work environment associated with the position.

5. Submission of the Request Package

a. Prior to submission to the AMO for approval the comptroller or budget official must sign the request, certifying that funding is available.

b. After funding verification, the MO, with help from the HR Advisor, will complete the request, ensuring all the requirements are met, and prepare the request for submission to the AMO for approval. A copy of this section must be included in the package to serve as a reference for the AMO. It is recommended that the MO schedule an appointment with the AMO early on in the process. This could save valuable time due to the AMO's schedule and the possibility of additional information desired by the AMO prior to approval.

c. Once the request is approved the candidate should be notified immediately. In many cases the candidate may be withholding final acceptance of the position until the final determination of the SQA request.

d. A copy of the signed and dated SQA request must be submitted to the Office of Civilian Human Resources Norfolk Operations Center.

e. In cases in which a recruitment or relocation incentive is also being requested it is essential to align the two requests and submit to the AMO at the same time. Assuming that the SQA request will be approved the 3R request will be based on the SQ rate of pay.

6. Procedures for the Physicians and Dentists Pay Plan. Requests for SQA for physicians and dentists will be submitted to the Chairman of the ACP. The ACP will consider SQA concurrently when considering the criteria for setting Market Pay. The ACP will ensure that the application of SQA is consistently applied to similarly situated physician and dentist specialists and consistent with the criteria used to set Market Pay.

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 and/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 (b) 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 and/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 annual leave accrual credit (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/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 mission critical, mission essential, and 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.

f. 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 DoD) before completing one full year of continuous service with DoD 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 to 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, enclosure (9). 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/her recommendation, to the AMO, utilizing the second page of enclosure (9). Normally the MO who is requesting ALAC will have already prepared the AMO approval letter, the third page of enclosure (9). This helps expedite the process. The ALACRO can make changes, if needed. The request must be approved prior to the employee's entrance on duty.

5. Procedures for Physicians and Dentists

a. The Physicians and Dentists Pay Plan (PDPP) Activity Compensation Panel (ACP) will monitor and provide oversight of the ALAC program for physicians and dentists.

b. For physicians and dentists ALAC must be considered by the ACP during the pay setting process. The MO must include this among the documents and information it submits to the ACP when it meets to set the pay for the new hire. The ACP does not replace the responsibilities of the ALACRO and is not in the ALAC approval chain. However, the ACP will ensure that the approval of ALAC for a newly hired physician or dentist is consistent with established compensation strategies and practices and will note on the pay setting worksheet (PSW) that

ALAC is being offered. If the ACP has an unexpected delay and will not meet to set the new physician or dentist until after he or she is brought onboard the HM must not delay the ALAC package until the ACP meets.

c. In most cases the MO will be responsible for informing the ACP that the selectee desires to pursue ALAC. If the new employee's ALAC request package has already been approved the amount of hours credited must be entered on the PDPP PSW.

d. A PSW that has been approved by the AMO is not approval for ALAC. The ALAC request and approval procedure is a separate process than the pay setting effort of the ACP. In most cases the ALAC will be processed after the new employee has an approved salary. This makes it even more critical that the MO move quickly with the ALAC request and ensure close coordination with the HR Advisor.

6. Documentation. The following documents are required for ALAC application packages. Enclosure (9) contains the required formats.

a. Cover Letter. The applicant should use the cover letter to provide justification for his or her periods of prior work experience to be credited.

b. Resume. In most cases the applicant will need to rewrite their resume to comply 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 revise his/her resume to be more compliant with the needs of this instruction.

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

d. Vacancy Announcement. A copy of the vacancy announcement is required if the job was NOT announced on USAJobs or the Department of the Navy Human Resources jobs Web site.

e. 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.

f. 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.

g. ALAC Justification. The ALAC justification may be included in the cover letter or on a separate sheet. The applicant may also write his/her resume in a format that satisfies the specific

requirements of the justification, below. The following 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/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.

h. ALACRO Endorsement. The ALACRO will provide an endorsement, following the format in enclosure (8), to the applicant's package. He or she will review the applicant's package, specifically the resume and justification, and make his her 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.

7. 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 particular 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, he or she must sign the approval letter. The approval letter must contain, at a minimum, the standard language provided contained in enclosure (9).

c. The approved ALAC package will be submitted to the HR Advisor, who will forward same Office of Civilian Human Resources Norfolk Operations Center.

STUDENT LOAN REPAYMENT PROGRAM

1. General Information. As stipulated in reference (d), AMO 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 the service of Navy Medicine for a period of at least 3 years. A participant of the Student Loan Repayment Program (SLRP) must reimburse the Department of the Navy (DON) for all benefits received if they are separated voluntarily or involuntarily for cause or poor performance. 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 MO for whom the employee will be working, or is currently working, will be responsible for using the SLR format found in enclosure (10) and 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 MO must explain how the activity and 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 MO will document in the request the consequences of not offering DON SLR to the employee who is filling a critical and hard to fill position. Using the request format, enclosure (10), the MO must explain how the employee might be likely to leave the Navy Medicine for employment outside the Federal government in the absence of the incentive. Include in the narrative how 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/\$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/she is responsible and for any income tax obligation resulting from the student loan benefit.

3. Procedures

a. DON SLR Request. The MO, on behalf of the applicant, will submit the DON SLR request package to the AMO, using the format in enclosure (10). The MO will need to consult with the human resources (HR) Advisor during the preparation and approval process to ensure the request package meets program criteria. The request package will include the SLR request, the DON application, and the DON Service Agreement.

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 management official and his her HR Advisor, can complete the Application and Service Agreement to facilitate the actual loan repayment by the Defense Finance and Account Service (DFAS).

b. The HR Advisor 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.

c. The DON SLR request will be filed in the employee's electronic official personnel file and be available for review and submission upon request.

d. The MO must ensure that the DON SLR is being rewarded without regard to political affiliation, race, color, religion, national origin, sex, marital status, age, sexual orientation, or handicapping condition.

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 on a bi-weekly basis.

b. Within the criteria addressed in this instruction and references (c) and (d), 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 HR Advisor will maintain the documentation for each DON SLR to include the DON SLR request, the DON SLR Application, and the SLR Service Agreement. A copy of the DON SLR Service Agreement will be filed on the left-hand side of the employee's official personnel file. 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 Office of Civilian Human Resources will be responsible for the annual DON SLR report to the Office of Civilian Human Resources, Code 012. The report will include the number of employees receiving DON SLR, the series and grade of each recipient, and the total cost of the SLR for the Navy Medicine.

RECRUITMENT, RELOCATION, AND RETENTION INCENTIVE REQUEST FORMAT

From: Management Official, (Name of Activity)

To: Authorized Management Official

Via: (1) Human Resource Advisor
(2) Comptroller/Budget Official

Subj: REQUEST FOR RECRUITMENT, RELOCATION, OR RETENTION INCENTIVE
ICO (*APPLICANT'S FULL NAME, TITLE, SERIES, GRADE*)

Ref: (a) BUMEDINST 12550.1

Encl: (1) Service Agreement (*if applicable*)

1. Per reference (a), (*recruitment; relocation; retention; or group retention, recruitment, or relocation*) incentive is requested for (*name, title, series, grade*).

2. The following criteria were taken into consideration for this request. (*The requesting management official must initial each item and include specifics under paragraph 6, Narrative Justification*):

- a. Availability of quality of candidates
- b. Success of recent recruitment effort
- c. Recent turnover in similar positions
- d. Salaries paid for similar positions outside the Federal government
- e. 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 of the duties

3. The amount of the incentive being requested is _____ percent (*not to exceed 25% for individual incentives or 10% for a group incentive*) of the applicant's total annual salary (base pay plus locality, special rate supplement, or market pay) at the beginning of the service period multiplied by _____ years (*the number of years not to exceed four*) which has been agreed to by the applicant in the attached service agreement. The total incentive payment being requested is \$_____.

4. The incentive will be paid (select one of the following and insert)

in a single lump sum at the beginning of the service period (applies only to recruitment/relocation incentives.

in a single lump sum at the completion of the service period;

in equal or variable installment payments, with each installment being paid for specified periods of service. There will be (number) installment periods, with the date of payment and amount, listed below. Retention incentive payments under a service agreement can only be paid at the completion of an installment period.)

5. This request is for a retention incentive to be paid in bi-weekly installments and a service agreement is not required. The amount of the retention incentive being requested is (*number percent*) of the applicant's total annual adjusted salary (*base pay plus Locality or special rate supplement*) for a total amount of (*\$ amount*). This amount is to be divided by 26 (*number of pay periods*) so that the bi-weekly retention incentive payment is (*\$ amount*). I understand that, if approved, a retention incentive paid by the bi-weekly method must be validated and justified on an annual basis using enclosure (12).

6. Relocation Incentive Only. Affirmation that the applicant'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 before the move or affirmation that the 50 mile requirement was waived) and affirmation that the employee established a residence in the new geographic area.

7. Narrative Justification. Eligibility for this incentive is based on a determination that the position is mission critical or mission essential, and, in the absence of the incentive, hard-to-fill. *The MO must describe how the position would be difficult to fill in the absence of the incentive; the reasons for the amount and timing of the payments; the reasons for the length of the service period, and other supporting factors. The narrative may be included within this format or attached as an enclosure to the request*

8. I understand that a recruitment and relocation incentive must be approved prior to the applicant entering on duty. The applicant may receive a recruitment incentive prior to entering on duty with a signed and approved service agreement, enclosure (1).

9. Point of contact at this activity is (*name and contact information*).

Management Official

Printed name: _____

Signature: _____ Date: _____

HR Advisor

Printed name: _____

Signature: _____ Date: _____

Comptroller/Budget Official

Printed name:

_____ Funding is/is not available

Signature: _____ Date: _____

Authorized Management Official:

_____ Approve

_____ Disapprove

Print Name: _____

Signature: _____ Date: _____

REQUEST FOR SUPERIOR QUALIFICATIONS APPOINTMENT FORMAT

From: Senior Management Official
To: Authorized Management Official (Approving Official)
Via: Human Resource Advisor

Subj: REQUEST FOR SUPERIOR QUALIFICATIONS APPOINTMENT ICO (*FULL NAME, TITLE, SERIES, GRADE*)

Ref: (a) BUMEDINST 12550.1

Encl: (1) Retention Incentives

1. Per reference (a) this request is submitted as justification for a Superior Qualifications Appointment for (*full name of applicant*) who applied for subject position. (*Full name*) is currently employed as a (*current position title*). In order to hire (*name*) into the subject General Schedule (GS) (*series and grade*) position that (*he or she*) has been selected for, the annual salary needs to adequately compensate (*him or her*). Therefore, I strongly recommend that (*he or she*) be paid at the GS (series and grade) Step (*2 through 10*) level.

2. Justification for Superior Qualifications. The requesting management official must provide sufficient justification as specified in section 2 of enclosure (4). The following information and narrative must be provided, see enclosure (4):

- a. Superior Qualifications Appointment of Candidate: Address (1) through (3) under section 2a.
- b. Special Need/Unique Mission Requirement: Address (1) through (3) under section 2b.
- c. Additional Information: Address (1) through (4) under in section 2c.

3. Describe whether or not a recruitment incentive was considered. If not, why was SQA considered and not the incentive?

4. Name of Management Official: _____
Signature: _____ Date: _____

5. Name of HR Advisor: _____
Signature: _____ Date: _____

AUTHORIZED MANAGEMENT OFFICIAL

Approve
 Disapprove

Typed name: _____

Signature: _____ Date: _____

ANNUAL LEAVE ACCRUAL CREDIT REQUEST FORMAT

(Date)

From: Candidate (*name of employee selected to fill the vacant position*)
To: Authorized Management Official
Via: Annual Leave Accrual Credit Reviewing Official

Subj: REQUEST FOR ANNUAL LEAVE ACCRUAL CREDIT ICO (*NAME OF EMPLOYEE*)

Ref: (a) BUMEDINST 12550.1

Encl: (1) Resume
(2) Position Description
(3) SF-144A
(4) DD Form 214 (if applicable)
(5) Vacancy Announcement (if applicable)

1. Per reference (a) I hereby request Annual Leave Accrual Credit for my prior work experience (*specify: private sector or military*) which is directly related to the position for which I was selected, (*position title, series, grade*). Enclosures (1) through (5) are provided to support this request.

2. Justification. Based on enclosures (1), (2), and (3) of this request form, I request a total of (*number*) of months leave credit for the following periods of service. (*Each period of service, i.e., duty station, or for civilian experience, each place of employment, must have its own entry using the following format. Extra sheets may be attached.*)

- a. Inclusive Dates: (*mm/dd/yyyy to mm/dd/yyyy*) Total No. of Months:
- b. Duty Station or Place of Employment:
- c. Rank/Job Title/Job Description:
- d. Description of Duties:
- e. Description of how duties directly relate to new position:

Candidate Name and Signature

(Date)

FIRST ENDORSEMENT on *(Candidate Name)* ltr of *(date)*

From: Annual Leave Accrual Credit Reviewing Official
To: Authorized Management Official
Via: (1) Human Resources (HR) Advisor

Subj: REQUEST FOR ANNUAL LEAVE ACCRUAL CREDIT ICO (*NAME OF EMPLOYEE*)

1. Forwarded, recommending approval of Annual Leave Accrual Credit for *(number)* months (*Years/months*) Annual Leave Accrual Credit for *(name of employee)*. (*Select one of the following options and insert here*)

Option 1:

I concur with the periods of service/work experience and the amount of credit being requested by the employee.

Option 2:

I do not concur with the requested credit and offer the following changes: (Repeat the following format for as many periods of work/service as needed):

- a. Inclusive Dates: Duty Station/Place of Employment:
- b. Recommended amount of credit (if any. Annotate "no credit" if applicable.)

2. (Choose one of the following statements and insert)

Option 1

I have determined that this position (*position title*) in (*name of department*) is a critical and/or hard-to-fill position. (*Provide short justification.*)

I have determined that this position is not critical to the command's mission and it is not hard to fill. I do not recommend Annual Leave Accrual Credit for this position. (*Provide short justification.*)

LACRO

- a. Typed name: _____
- b. Signature: _____ Date: _____

HR Advisor

- a. Printed name: _____
- b. Signature: _____ Date: _____

BUMEDINST 12550.1
24 Sep 2015

(Date)

From: Authorized Management Official
To: Director, Norfolk Operations Center
Via: Human Resource Advisor

Subj: ANNUAL LEAVE ACCRUAL CREDIT ICO (*NAME OF EMPLOYEE*)

Ref: (a) BUMEDINST 12550.1

Encl: (1) Annual Leave Accrual Request ICO (*name of employee*)
(2) SF 52, Request for Personnel Action

1. Per references (a), I hereby approve (*number of years*) and (*number of months*) of Annual Leave Accrual Credit for (*name of employee*), who is receiving (*his or her*) first appointment as a civilian employee with the Federal Government.
2. The skills and experience of (*name of employee*) are essential to the position (*title of position*), essential in achieving our mission, and have been acquired thorough performance in a (*non-Federal, Military Service, or volunteer position- state applicable service*) having duties that directly relate to the duties of the position to which (*name of employee*) is being appointed.
3. (*Name of employee*) is being appointed to a position that is covered by the Federal annual and sick leave program according to 5 USC 6303 and 6307.
4. Point of contact for Annual Leave Accrual Credit at this command is (*name, telephone no.*)

Authorized Management Official
Signature

STUDENT LOAN REPAYMENT REQUEST FORMAT

From: Management official

To: Authorized Management Official

Subj: REQUEST FOR STUDENT LOAN REPAYMENT ICO (*NAME, TITLE, SERIES, GRADE*)

Ref: (a) BUMEDINST 12550.1

Encl: (1) Student Loan Repayment Application
(2) Student Loan Repayment Service Agreement

1. Per reference (a), this request is submitted for a Student Loan Repayment (SLR) on behalf of (*Name of employee*) who (*has been selected to fill the position (position title, series, and grade or is currently filling the position of (position title, series, and grade.*

2. (*Name of employee*) has agreed to sign a service agreement for (*no. of years*) in return for receiving a total of (*dollar amount*) in student loan repayments. Enclosures (1) and (2) provide the official documentation pertaining to (*name of employee's*) application for his/her outstanding student loan(s) and the required service agreement.

3. I have determined that in the absence of the SLR it is likely that (*Name of employee*) (*might not accept this offer of employment and therefore we would continue to have difficulty in filling this position*) or (*might leave employment as a Federal civilian to accept a job in the private sector*).

4. Provide a narrative explanation in support of one of the two prior determinations, i.e., this is a recruitment incentive or a retention incentive.

a. Recruitment Incentive. Explain how the activity and department/division would encounter difficulty in filling this position with a highly qualified individual.

b. Retention Incentive

(1) Explain how (*name of employee*) would be likely to leave the Navy Medical Department for employment outside the Federal government. Include in the narrative how it is essential to retain (*name of employee*) because of his or her's high or unique qualifications. Or explain how (*name of employee*) fills a special need in the command.

(2) In addition explain the extent to which the departure of (*name of employee*) would affect the command's ability to carry out a function that is essential to the command's mission.

5. The Student Loan Repayment Program (SLRP) request may be completed and signed by the AMO without the formal application and Service Agreement when a SLRP, being used as a recruitment incentive, is necessary due to the time constraints.
6. This benefit is being rewarded without regard to political affiliation, race, color, religion, national origin, sex, marital status, age, sexual orientation, or handicapping condition.

Requesting Management Official

Typed Name and Title: _____

signature: _____ Date: _____

HR Advisor

Typed Name: _____

Signature: _____ Date: _____

Comptroller/Budget Official

Typed Name and Title: _____

Funding (*is/is not*) available

Signature: _____

Authorized Management Official

Date: _____

_____ Approved

_____ Non-Approved

Typed Name and Title: _____

Signature: _____

RECRUITMENT, RELOCATION, AND RETENTION INCENTIVES
SERVICE AGREEMENT

From: *(Name of employee)*
To: Senior Management Official

Ref: (a) BUMEDINST 12550.1

Subj: RECRUITMENT, RELOCATION, AND RETENTION INCENTIVES SERVICE
AGREEMENT

1. I, *(name, title, series, and grade)* do hereby agree to a service agreement for *(no of months: minimum 12, maximum 48)*, commencing on *(date)* and ending on *(date)* in return for receiving the following incentive(s): (Select and insert)

- a. _____ Recruitment incentive
- b. _____ Relocation incentive
- c. _____ Retention incentive (bi-weekly payment method maximum 12-month service period.)

2. The total amount of incentive being authorized for this agreement is *(percentage _____ %)* of my total annual salary. This is *(total amount \$_____)* to be paid: *(check one of the following)*

a. _____ In a single lump sum at the beginning of the service period *(applies to recruitment/relocation incentives only)*

b. _____ In *(number of)* equal/variable installment payments, paid as stipulated below *(Retention incentive service period payments are paid at the completion of each specified Service Period).*

(1) Date of payment _____ Amount paid \$ _____

(2) Date of payment _____ Amount paid \$ _____

(3) Date of payment _____ Amount paid \$ _____

(4) Date of payment _____ Amount paid \$ _____

c. _____ As a single lump-sum payment at the end of the entire service period.

d. _____ In biweekly installments throughout the service period of 12 months.

3. Conditions for Termination

a. I understand that management may unilaterally terminate the agreement based solely on management needs, such as reduction in force, insufficient funds, or reassignment to a different position, and that I must be informed in writing if such a termination were to occur and that I would be entitled to all incentive payments already received.

b. I further understand that if I fail to complete the service agreement due to performance, demotion, or other reasons of my own choice I 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.

c. I understand that my performance must be rated at least “fully successful.”

d. I understand that I may not file a grievance or appeal a management decision to terminate this agreement.

e. I understand that time on detail, in a non-pay status, or in a paid leave status are creditable towards completion of the service agreement.

4. Requesting Employee

a. Typed name: _____

b. Signature: _____ Date : _____

5. Senior Management Official

a. Printed Name: _____

b. Signature: _____ Date: _____

ANNUAL VERIFICATION OF BIWEEKLY
RETENTION INCENTIVE PAYMENTS

(Date)

From: Authorized Management Official
To: Director, Human Resources (HR) Office
Via: (1) Human Resource Advisor
(2) Comptroller/Budget Official

Subj: ANNUAL VERIFICATION OF BIWEEKLY RETENTION INCENTIVE PAYMENTS
ICO (*NAME OF EMPLOYEE*)

Ref: (a) BUMEDINST 12550.1

Encl: (1) SF-52, Request for Personnel Action (if applicable)

1. Per reference (a) we conducted a thorough review of the circumstances pertaining to the need to continue the biweekly retention incentive payment to (*name of employee*).
2. As a result of the review, the following decision has been made: (Select one of the following and insert)

The need still exists to maintain the biweekly retention incentive at the current percentage. If the need still exists, the requesting official must include in this Annual Verification, a new service agreement and a narrative justification for the incentive as prescribed in enclosure (7).

The need still exists to maintain the biweekly retention incentive but at the following percentage: _____%. New service agreement and narrative justification must be provided, as in 2.a.

The need to pay the biweekly retention incentive no longer exists.

3. Enclosure (1) is submitted to either change the percentage of the retention incentive or to terminate the incentive payment.

Human Resource Advisor

Printed name: _____

Signature/Date: _____ Date: _____

5. Comptroller/Budget Official

Printed name: _____
Signature/Date: _____ Date: _____

AMO Name
Signature

DEFINITIONS

1. Annual Pay. Annual Pay is base pay plus Market Pay. Annual Pay is pay for all benefits and is used as the basis for determining recruitment, relocation, and retention incentives.
2. 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.
3. Authorized Management Official (AMO). The AMO is the commander or commanding officer of a Budget Submitting Office-18. 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.
4. Mission Critical Occupations. BUMED maintains a list of occupations identified by DoD as “mission critical occupations.” The DoD designated mission critical occupations are physicians, registered nurses, clinical psychologists, licensed clinical social workers, and pharmacists. In addition, BUMED has other occupations that are considered critical to Navy Medicine. These include dentists, physician assistants, and medical records coders. These occupations are considered on the mission critical “watch list.” The mission critical criteria include difficulty in recruitment and retention, essentiality to the health care delivery mission, and competition for candidates with the private sector and other public entities.
5. Mission Essential Occupations (MEO) are occupations not designated as critical by DoD, but are involved in direct patient care or in support of the health care delivery mission. MEOs are historically hard-to-fill, which is validated by being eligible for direct hire authority, expedited hiring authority, Title 38 premium pay, or Title 38 special salary rate authority. The list of MEOs also includes non-healthcare occupations in the functional communities of acquisition, engineering, information technology, and logistics management that are essential to the health care mission of BUMED. Other essential occupations may be those that are essential to meet a unique mission requirement of a particular command or activity.
6. Hard-To-Fill (HTF) occupations include the Mission Critical occupations and in most cases the mission essential occupations. However, HTF may also include other occupations. Whether or not an occupation is HTF is often a function of the location of the command or activity. An occupation may be much harder to fill in a rural location than in a metropolitan area or may be harder to fill in a metropolitan area where there are many federal organizations competing for like talent.

7. Management Official (MO). The 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/her cognizance. The MO may serve as the hiring manager or selecting official and assumes responsibility for assisting the new hire with incentives and onboarding issues. The MO will also have oversight and will sponsor, as appropriate, retention incentives for current employees.

FREQUENTLY ASKED QUESTIONS

Recruitment, Relocation, and Retention Incentives

Q: Can an employee receive more than one recruitment incentive at a time?

Yes. It is possible to combine a recruitment incentive with Annual Leave Accrual Credit (ALAC), Superior Qualifications Appointment (SQA), and Student Loan Repayment (SLR). An employee may receive any combination of those four incentives.

Q: Can a Federal civilian employee receive a combination of incentives with a relocation incentive, or a retention incentive?

An employee receiving a relocation incentive or a retention incentive may receive SLR but not ALAC or SQA, since they are already an employee.

Q: What are the maximum allowable amounts that can be paid for recruitment and relocation incentives?

At the activity level the authorized management official (AMO) may approve up to 25 percent of an employee's annual rate of basic pay (including a locality or special rate supplement) as a recruitment or relocation incentive payment, in return for a written service agreement for at least 6 months but not to exceed 4 years. The total incentive amount is derived by multiplying the percentage times the number of years of the agreement.

Activities may request to pay an incentive above 25 percent, up to 50 percent with OPM approval.

Q: What are the new maximum allowable amounts that can be paid for a retention incentive?

A retention incentive for amounts up to 25 percent of the annual rate of pay for individual employees, and up to 10 percent for groups may be authorized at the activity level. OPM may waive the limitation on retention incentives and set the limitation at up to 50 percent of an employee's annual rate of pay (whether individually or as a group).

Q: Are incentives tax-exempt?

No. The amounts are included in taxable income.

Q: Can a current retention incentive service agreement be terminated so that a new agreement can be entered into that would allow payment at a higher rate than was previously authorized?

No. There is no provision in the new DoD policy that would authorize such an action. However, retention incentives paid bi-weekly to employees in mission critical, mission essential, or hard to fill positions must be reviewed annually and during this review a decision may be made to revise the amount of the incentive offered.

Q: What is the minimum term of service required in a written agreement in order to receive a recruitment or relocation incentive?

The minimum is 6 months, the maximum is 4 years.

Q: Can an activity establish an “automatic” recruitment incentive for certain occupational groups?

Yes. The head of the activity has the discretion to target a group or groups of similar positions identified as hard to fill and then establish criteria and a pre-determined pay range. We prefer the words “pre-determined” or “pre-approved” to “automatic.”

Q: Are recruitment and relocation incentives paid only as a lump sum at the beginning of the service period?

Recruitment and relocation incentives may be paid in 3 methods, which is specified in the employee’s service agreement. It may be paid as a lump sum in the beginning; it may be paid in equal or variable installments throughout the service period; and it may be paid as a final lump sum at the end of the service period. The maximum lump sum payment that can be authorized at the activity level is 25 percent.

Q: Must the new employee who is getting a recruitment incentive have reported on duty before he or she can receive the incentive? Or can we give the new employee payment before he or she reports as a “signing bonus?”

Once the employee has signed the service agreement, even if not yet entered on duty, he or she may receive the incentive (as a lump sum or first installment).

Q: Are recruitment, relocation, and retention incentives part of basic pay for any purpose, such as retirement and benefits?

No.

Q: Do incentives count towards the statutory pay cap (aggregate limitation on pay)?

Yes.

Q: Can incentive service agreements be terminated? If so, under what circumstances?

Yes, service agreements will be terminated, and the unserved portion of the incentive paid back to the Government, if the employee is separated for cause, demoted for cause, or receives less than “Fully Successful” or equivalent rating of record. Management may terminate the agreement based solely on management needs, such as RIF or insufficient funds. However, an employee whose agreement is terminated by management needs must keep all incentive payments already received.

Q: Can an employee grieve or appeal a decision to terminate an agreement?

No.

Q: The regulations state that management may approve a retention incentive if the employee would be likely to leave the Federal service in the absence of the incentive. Must the employee have proof of a bona fide offer of employment before a retention incentive may be approved?

Yes and No. Per reference (b), an offer of employment with a private firm is an example that would demonstrate that an employee would be likely to leave. Mission Critical, healthcare professionals such as physicians, nurses, pharmacists, and mental health providers, and other occupations involved in direct patient care, are in such demand in the private sector and are missionally essential that a bona fide job offer may not be required. If in the judgment of the senior MO that it is highly likely that a mission critical healthcare employee would leave for the private sector in the absence of the incentive then the MO can support the need for a retention incentive, to be approved by the AMO.

On the other hand it may be necessary for a mission essential employee, not in a direct healthcare position, it may be required to demonstrate a job opportunity in the private sector.

Q: In order to recruit a critical and hard-to-fill position, can a prospective candidate be given a retention incentive prior to entering on duty?

No. However, a recruitment or relocation incentive may be appropriate.

Q: Is a service agreement required for a retention allowance, regardless of payment method?

Yes.

Q: Can an employee who is under a service agreement for a recruitment incentive or a relocation incentive be authorized to receive a retention incentive concurrently?

No. Only after completion of the service period, providing all other requirements and criteria are met.

Q: An activity wants to avoid paying PCS costs, so it offers to pay a 15 percent relocation incentive. Is that allowable?

Sort of. PCS is generally paid for moves that are for the convenience of the government. A relocation incentive is to incentivize a current Federal employee filling a critical or hard-to-fill position to relocate from one geographical commuting area to a different commuting area. The costs are two separate payments for distinct purposes.

Q: If an employee is receiving one of the 3R incentives as a percentage of annual pay and they are under a service agreement for a specified number of years, would a step increase result in the amount of the incentive to increase?

No, the amount to be paid for each service period is established in the service agreement. The percentage and rate of annual basic pay at the time that the service agreement is approved will remain constant throughout the terms of the agreement.

Q: Will the amount of the retention incentive increase if there is a step increase or General Pay Increase (GPI) and the retention incentive is being paid in the bi-weekly method?

Yes. If the retention incentive is being paid in the bi-weekly method it will automatically increase based on the increase in any one of the two elements of the total annual salary. Under the bi-weekly method the percentage is established as the constant and does not increase or decrease based on an increase or decrease to an employee's annual rate of pay.

Q: Our PDPP Activity Compensation Panel (ACP) did a Market Pay review for our civilian physicians and dentists and the AMO approved a Market Pay increase for several of our PDPP employees. Some of these employees are receiving a bi-weekly retention incentive. Will the Market Pay increase result in a retention incentive increase for these employees?

Yes it will. For PDPP employees their base pay plus Market Pay equals their Annual Pay (AP). For PDPP employees AP is treated in the same manner as the annual rate of pay for incentive purposes. The established percentage for the bi-weekly retention incentive payment does not change. If the incentive is intended to address a pay gap issue and/or to address a continuing need to ensure the retention of the physician or dentist it is recommended that the amount of the incentive be "converted" to Market Pay.

Q: Should the activity take action (i.e., submit a SF-52) to reduce the percentage of the retention incentive by the percentage of the general pay increase or step increase?

This is a local commander decision, and not a requirement. However, it is strongly suggested that activities maintain an equal amount of the incentive and adjust the percentage to offset the increase.

Q: How long must an employee be onboard before he or she can be eligible for a retention incentive?

DoD and DON regulations do not prescribe a specific time. The intent is to provide the local commander maximum flexibility to retain critical and hard-to-fill positions. If the employee is under a service agreement for a recruitment or relocation incentive a retention incentive can't be initiated until the completion of the service agreement. In the absence of a service agreement, there is no time restriction for initiating a retention incentive.

Superior Qualifications Appointment

Q: What is the appropriate step level that should be set for an employee who is eligible for SQA?

First, the candidate must satisfy one of the two requirements: have superior qualifications or fill a special need of the command. If both criteria are satisfied by the candidate then there's a stronger case to be made for a higher step level than if only one of the criteria are being addressed. Also important is internal equity -- how have similarly situated specialists been treated in regards to SQA? How do the candidate's qualifications exceed those at the activity? How severe is the need? What are the expectations of the candidate? Competitiveness with the local market? All these factors must be considered.

Q: Can SQA be applied retroactively if a request is not approved prior to entrance on duty?

No. There is no retroactive application of SQA.

Q: Must a candidate for SQAs possess both Superior Qualifications and also meet a special need at the command as justification for SQA?

No. Regulations state that a candidate must meet, at a minimum, the requirements of superior qualifications or meeting a special need of the command. If a candidate satisfies both requirements then there is much stronger justification and could influence the step level being requested.

Annual Leave Accrual Credit

Q: If a new employee is not aware of, and not informed of, ALAC and therefore is not awarded leave credit at the time of his/her appointment can he or she still apply for retroactive consideration?

Under all situations the answer is "No." Lack of knowledge or failure to be informed of ALAC is not grounds to be granted an exception to policy.

Q: Can a new employee who is promised ALAC and submits his or her package prior to appointment date be eligible for an exception to policy and receive retroactive consideration if his/her package is not approved prior to appointment date?

In almost all cases, the answer would be “No.” Blatant evidence of gross administrative negligence that resulted in the ALAC request package not being approved prior to entrance on duty of the employee, and at no fault of the employee, could be grounds for consideration by DON higher authority.

Q: Can the amount of ALAC that has been appropriately awarded for a new employee be increased if it is determined shortly after the employee reports onboard that there were periods of prior experience that should have counted but were inadvertently not counted by the command approval authority?

No. If the threshold of blatant and gross administrative negligence, no fault of the employee, there might be consideration.

Q: In order to assess prior experience for ALAC, documentation of prior military service is almost always obtainable, accurate, and reliable. However, prior civilian experience, without confirmation from a previous employer, may boil down to accepting the word of the employee. Is this acceptable?

An employee’s resume should always be confirmed with the previous employer, colleague, or other reference. If the employee is not able to provide a reference, then the experience may be questioned. This is a judgment call. In the final analysis, ALAC for prior experience is discretionary, not an entitlement.