



DEPARTMENT OF THE NAVY
COMMANDER, NAVY INSTALLATIONS COMMAND
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CNICINST 12550.1A
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CNIC INSTRUCTION 12550.1A

From: Commander, Navy Installations Command

Subj: PAY ADMINISTRATION

Ref: (a) 5 U.S.C. Chapter 55
(b) 5 U.S.C. Chapter 53
(c) 5 CFR 550
(d) 5 CFR 530
(e) 5 CFR 531
(f) 5 CFR 532
(g) 5 CFR 536
(h) 5 CFR 551
(i) 5 CFR 575
(j) DoD Instruction 1400.25, Vol 550
(k) SECNAVINST 12550.1
(l) DON Civilian Human Resources Manual, Subchapter 550
(m) DON ltr 1200 Ser ASN (FM&C)/U013 of 1 June 2010
(n) DON memo, Department of the Navy Student Loan Repayment Plan, 31 January 2005
(o) DON memo, Implementation of Extended Assignment Incentives, 13 July 2005
(p) OSD memorandum, Compensatory Time Office for Travel, 12 August 2005

1. Purpose. To establish and implement a comprehensive pay administration policy within Commander, Navy Installations Command (CNIC), assign responsibilities, and prescribe pay administration and overtime (OT) business process and procedures in accordance with references (a) through (p). This instruction is applicable to employees at CNIC headquarters (HQ) and regions as defined in 5 U.S.C. 2105. However, each reference should be reviewed individually in order to verify the applicability or exclusion of employees, and to ensure compliance with pay administration laws, regulations, and Department of the Navy (DON) policy. Bargaining unit employees are covered by this instruction when the matters discussed in this policy are not covered by a collective bargaining agreement (CBA).

2. Background. CNIC policy is to effectively use pay administration flexibilities and options in accordance with law, rule, regulations, and instructions in order to attract, retain, and compensate skilled employees necessary for mission accomplishment, as outlined in references (a) through (p). OT costs and lack of compensatory time (CT) used in lieu of irregular OT continue to be of concern within DON and CNIC. OT requires the commitment of personnel and funds. Consistent command-level attention is needed to ensure compliance with OT and compensatory time policies.

3. Policy. It is CNIC policy to use all available compensation tools and available funding to the maximum extent possible, keeping in mind the mission of the organization and proper budget administration, to include proper use of OT. In order to achieve these goals, the following alternatives as they relate to pay administration should be considered in a prudent and efficient manner:

a. Compensation Authorities. Activities have discretionary authority to provide additional direct compensation in order to attract and retain a skilled workforce, especially in those positions that are likely to be difficult to fill in accordance with reference (l).

b. Selecting Pay Rates. Activities can determine and approve the use of organizational funds for requested pay actions and have the authority, responsibility, and accountability for making pay recommendations in accordance with references (j) through (l).

c. Authority for Pay Setting. In accordance with reference (k), the appointing official is the officer with the authority to legally certify the Requested Personnel Action or the Notice of Personnel Action. The established authority and process for setting pay or requesting exceptions is found in references (e), (f), and (l).

d. Pay Administration. Pay administration should be established taking into consideration pay retention, grade level, worksite location, and pay scheduled in accordance with reference (l). Additional information as it relates to pay administration can be found in reference (e) for General Schedule (GS) Employees and reference (f) as it relates to Federal Wage System (FWS) employees.

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e. GS Positions. GS is the classification and pay system for most white-collar federal civilian employees. The pay structure for the GS has 15 grade levels, with 10 salary steps at each grade. Positions are classified using government-wide standards to determine their proper occupational series, title, and grade with the GS.

f. FWS Positions. FWS was established for federal trade, craft, and laboring employees to allow for the payment of wages comparable to private sector rates in each local wage area in accordance with reference (b). Pay for these positions should be considered under reference (f).

g. Superior Qualifications and Special Needs Authority. Activities may use this authority only in those cases when it is necessary to recruit specific candidates who possess unusually high qualifications, unique experience, or skills that meet a special need of the activity. Activities will follow references (e), (f), and (l) when determining the superior qualifications of a newly appointed candidate.

h. Maximum Payable Rate Rule (Highest Previous Rate (HPR)). An activity may determine the rate of basic pay of an employee who has been re-employed, transferred, reassigned, promoted, or demoted, or has changed in type of appointment, taking into consideration a rate of basic pay previously received by the individual while employed in another civilian federal position, in accordance with references (b), (e), (f), and (l). The rate may not exceed the maximum rate of the employee's grade. Activities will pay the maximum payable rate or HPR wherever applicable.

i. Reassignments. Under normal circumstances, reassignment actions do not require change in basic pay. However, exceptions to normal circumstances are delineated in references (e) and (l).

j. Promotions. A promotion occurs when a GS employee is changed to a higher grade under the GS system in accordance with the specifications in references (b), (e), (g), and (l). All current GS employees are covered by the two-step promotion rule. If an employee was receiving a retained rate of pay before promotion, the promotion rule should be applied in accordance with references (g) and (l). If an employee is promoted from the General Management (GM) system to the GS system, pay is set using the GS mandatory promotion rule. The maximum payable rate may be used to set an employee's pay at a higher rate upon

promotion if it is in accordance with local pay policy and references (e) and (l). Promotions under the FWS are set in accordance with reference (f). Changes from GS or GM systems to the FWS system should follow the rules in references (f) and (l).

k. Between Pay Systems. Pay setting for employees moving between pay systems is driven by the pay system to which the employee is moving. When it is necessary to change an hourly rate to a per annum rate, and in order to properly set pay, reference (l) must be followed.

l. Changes to Lower Grade (CLGs). Most CLGs are generated as a voluntary request from the employee. However, involuntary CLGs are generated by the employee's supervisor and are triggered for various reasons (i.e., the employee's failure to perform the duties of the position successfully, or for disciplinary reasons). Voluntary or involuntary CLGs must be processed in accordance with references (e), (g), and (l).

m. Re-employment. Employees can be re-employed after either voluntary or involuntary separations. However, the type of separation will impact pay setting. Voluntary separations include resignation or retirement, including Department of Defense (DoD) employees who resign after the expiration of leave without pay. An involuntary separation is one that occurred through no fault of the employee and not at the employee's request. Re-employment for individuals who separate voluntarily or involuntarily must be processed in accordance with references (e) and (l).

n. Grade Retention. An employee is eligible for grade retention as a result of a reduction in force or a reduction in grade as a result of reclassification in accordance with reference (g) when either of the following conditions applies:

(1) The employee has served 52 weeks under the GS or FWS system in one or more positions at one or more grades higher than the position in which the employee is placed.

(2) When the employee is eligible for grade retention based on a reclassification of his/her position if (immediately before the reduction in grade) that position was classified at the existing grade or at a higher grade for a continuous period of at least 1 year.

o. Pay Retention. Pay retention must be granted to an employee moving between positions under a covered pay system or moving from a position not under a covered pay system to a position under a covered pay system and whose payable rate of basic pay would be reduced as a result of the specific circumstances described in references (e), (f), (g), and (l).

p. Waiver of Dual Pay Limitation. Activities are authorized to waive the dual pay limitation on aggregate basic pay, in accordance with reference (l). The determination on the use of the authority and approval of the waiver shall be determined by the head of the installation or activity. The intent is to provide the flexibility to employ a full-time federal employee in a second job or to schedule a part-time agency employee with multiple part-time appointments to work more than an aggregate of 40 hours during a week. However, for OT, the hours worked by the employee in excess of 8 hours a day or 40 hours a week have to be worked under the same agency in accordance with reference (a), (c), and (l).

q. Recruitment, Relocation, and Retention Incentives; Student Loan Repayment Program; Supervisory Differentials. An activity may authorize special incentives, allowances, and differentials to better manage recruitment and retention problems. These special payments are not intended to be a substitute for the classification process and will not automatically be paid to all new hires or transferees.

(1) Recruitment and Relocation Incentives. Activities may pay recruitment and relocation incentives to a newly appointed employee to fill positions that have been determined to be hard to fill in accordance with references (i) and (l). Recruitment and relocation incentives are subject to the limit on aggregate compensation established by law and regulation in accordance with references (b), (d), and (l). Before an incentive may be paid, the employee must sign a written service agreement to complete the specified employment period with the activity established in the agreement, as required in reference (l). If an employee fails to complete the service period established in the agreement, any payments made for periods of time that are not completed are subject to the debt collection process unless the employee's debt is waived in whole or in part. All recruitment and relocation incentives shall be documented.

(2) Retention Incentives. Activities may provide retention incentive payments to employees that possess special

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and unique competencies where there is a clear need of such competencies. The retention incentive would promote the accomplishment of the mission of the organization, and taking into consideration the possibility of the employee with such unique competencies would be likely to leave the Federal Government in the absence of the retention incentive. Retention incentives must be determined and paid in accordance with reference (l) and must be reviewed and certified annually. Retention incentives are subject to the limit on aggregate compensation established in references (b) and (d). Employees who have accepted a voluntarily separation incentive may not be considered for, or continue to receive, a retention incentive. A written certification containing the unusual high or unique qualifications of the employee or a special need of the activity for the employee's services is required for payment of retention incentives in accordance with references (i) and (l). Retention incentives may also be authorized for groups or categories of employees. Payment of retention incentives shall be determined in accordance with reference (l) and with the approval of the Office of Personnel Management (OPM) via Office of Civilian Human Resources when required. A signed, written service agreement is required before receiving a retention incentive payment, and the amount can be reduced or terminated at any time and employees may not grieve or appeal decisions to terminate the agreement in accordance with the provisions of reference (l).

(3) Student Loan Repayment Program (SLRP). In accordance with references (l) and (n), activities may repay certain types of Federally made, insured, or guaranteed student loans to attract job candidates or retain current employees. In return, employees must sign a service agreement to remain in the service of the paying agency for a period of at least 3 years. The approving and selecting process for SLRP recipients and the limitations of the use is delineated in reference (l).

(4) Supervisory Differentials. Activities may pay a supervisory differential to a GS employee who has supervisory responsibility for one or more civilian employees not covered by the GS system in accordance with reference (l).

r. Extended Assignment Incentives (EAI). EAI payment is used to assist in retained experienced, well-trained employees in positions located in a territory or possession of the United States, the Commonwealth of Puerto Rico, or the Commonwealth of the Northern Mariana Islands for a longer period than the employee's initial tour of duty in accordance with references

(l) and (o). The activity must determine the need for EAI, the service period, and the amount for which the incentive may be paid.

s. Premium Pay and Allowances. Premium pay is an entitlement to employees who perform their scheduled duties on OT, night shifts, Sundays, holidays, standby status, and administratively uncontrollable work schedules. Employees excepted from the premium pay entitlement are listed in reference (c).

(1) Maximum Earning Limitations. Activities may take an exception to the bi-weekly limitation on premium pay during emergencies involving a direct threat to life or property, or in mission-critical situations in accordance with references (c) and (l).

(2) OT or CT. OT is work officially ordered and approved which exceeds 40 hours a week or eight hours a day. For employees on a compressed work schedule, OT is for hours in excess of their regular tour of duty. Entitlement to OT is determined depending on whether the employee is exempt from the Fair Labor Standards Act (FLSA) of 1938 or non-exempt from FLSA (references (c), (h), and (l)). OT use and approval is subject to the requirements of reference (m). CT is merely an alternative form of payment of OT work. Usually, CT off will be granted before annual leave is approved, unless annual leave would otherwise be forfeited. Any CT unused by the 26th pay period after it is worked will be paid to the employee as overtime at the appropriate OT rate in accordance with reference (m).

(3) Types of Annual Premium Pay. Premium pay may be paid on an annual basis to employees in positions that involve substantial amounts of OT work, but cannot exceed 25 percent of basic pay in accordance with reference (l).

(a) Standby Duty Pay - May be paid to an employee if he or she is regularly restricted by official order to a designated post of duty for more than 40 hours per week and is assigned in a state of readiness to perform work with limitations on the employee's activities so substantial that the employee cannot use the time effectively for his or her own purposes in accordance with references (a), (c), and (l). However, an employee is not considered restricted for "work-related reasons" if, for example, the employee remains at the post of duty voluntarily, or if the restriction is a natural

result of geographic isolation or the fact that the employee resides on the agency's premises.

(b) Administratively Uncontrollable OT Pay - Premium pay may be paid on an annual basis (except premium pay for regular OT work and work at night, on Sundays, and on holidays) when an employee is in a position in which the hours of duty cannot be controlled administratively. The position requires substantial amounts of irregular, unscheduled OT work with the employee generally being responsible for recognizing, without supervision, circumstances that require an employee to remain on duty in accordance with references (a), (c), and (l).

(4) Hazardous Duty Pay (HDP). GS employees may receive additional pay for the performance of hazardous duty or duty involving physical hardship in accordance with references (c) and (l). Duty involving physical hardship means duty that may not in itself be hazardous, but causes extreme physical discomfort or distress and is not adequately alleviated by protective or mechanical devices, such as duty involving exposure to extreme temperatures for a long period of time, arduous physical exertion, or exposure to fumes, dust, or noise that causes nausea, skin, eye, ear, or nose irritation. Requests to establish new rates or categories of HPD must be in accordance with reference (l).

(5) Environmental Differential Pay (EDP). FWS employees may receive an environmental differential when exposed to a working condition, physical hardship, or hazard of an unusually severe nature that falls within one of the categories approved by the OPM, in accordance with references (f) and (l). Environmental differential entitlements begin with the first instance of exposure and end one hour later, except that when exposure continues beyond the hour, it shall be considered ended at the end of the quarter hour in which the exposure actually terminated. An employee may not be paid for more than one environmental differential for a particular period of work. EDP determinations should be made in accordance with references (f) and (k).

(6) Pay for Federal Firefighters. Firefighter's pay is subject to special pay compensation rules due to their uncommon tour of duty and is covered by reference (c).

(7) CT Off for Travel. Travel status includes the time an employee actually spends traveling between the official duty station and a temporary duty station, and the usual waiting time

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that precedes or interrupts such travel. Time in travel status ends when the employee arrives at the temporary duty worksite or his or her lodging in the temporary duty station, wherever the employee arrives first. Time in travel status resumes when an employee departs from the temporary duty worksite or his or her lodging in the temporary duty station, from whichever the employee departs last. An agency must credit an employee with CT off for time in a travel status if the employee is required to travel away from the official duty station and travel time is not otherwise compensable hours of work. Employees shall receive CT off for travel in accordance with reference (c). Accrued compensatory travel time off must be used by the 26th pay period after the pay period in which it was earned, or forfeited in accordance with (l) and (m). An employee may not receive payment under any circumstances for any unused compensatory travel time off. This prohibition against payment applies to surviving beneficiaries in the event of the employee's death.

(8) Payments During Evacuations. CNIC is authorized to make evacuation payments to employees who are ordered by DON to be evacuated from or within the United States and certain non-foreign areas, in accordance with references (c) and (l).

(9) Pay for More Than One Position. Employees holding more than one position may receive pay in accordance with the provisions of reference (l). However, services performed by an employee under emergency conditions such as those established in reference (l) are exempt from payment under this section.

(10) Advance of Pay. An advance of pay is a prepayment made available to an employee in a pay status. Advance payments are intended to finance unusual employee expenses associated with overseas assignments that often are not otherwise reimbursed and to aid foreign assignment recruitment and retention. Advance of pay applicability shall be determined in accordance with references (a) and (l).

(11) FLSA: Foreign Exemption. Regulation on the foreign exemption of the FLSA is found in reference (h). If the foreign exemption applies, the employee may be paid as an exempt employee for OT hours under reference (a) or any other applicable law, rather than under FLSA.

t. Back Pay. Back pay applies to the computation, payment, and restoration of pay, allowances, differentials, and employment benefits for the purpose of making an employee whole when the employee is found to have undergone an unjustified or

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unwarranted personnel action. Computation requirements and determinations on back pay can be found in references (c) and (1).

u. Severance Pay. Severance Pay is authorized for full-time and part-time employees who are involuntarily separated from Federal service and who meet other conditions of eligibility. To be eligible for severance pay, an employee must be serving under a qualifying appointment, have a regularly scheduled tour of duty, have completed at least 12 months of continuous service, and be removed from Federal service by involuntary separation for reasons other than inefficiency (i.e., unacceptable performance or conduct). An employee may not be eligible for severance pay for reasons delineated in reference (1).

v. This instruction is not intended to change or circumvent language in an existing CBA. If there is any conflict between this instruction and an existing CBA, the CBA will govern until such time as the process for negotiation of a new CBA is completed.

w. Labor obligations must be fulfilled prior to implementation of this instruction when applicable. Regions will notify CNIC N13 HQ on the progress (as it occurs) toward implementation.

4. Responsibilities

a. Installation Commanding Officers (COs), N-Codes/Special Assistants (SAs), and Activity Heads are responsible for:

(1) Controlling the use of OT in compliance with DON and CNIC policies.

(2) Minimizing the cost impact as it pertains to changes in existing work schedules and reassignment of priorities.

(3) Approving OT, CT, or delegating their authority in writing, to at least one organizational level above the level ordering the use of OT and CT.

(4) Ensuring that authorization of OT or CT work (if delegated) shall be in writing in advance of the performance of the work using the appropriate form contained in reference (m) or via Standard Labor Data Collection and Distribution Application.

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(5) Developing internal policies to ensure, to the extent possible, that employees use their CT earned subject to the 26th pay period limitation.

(6) Ensuring workloads are distributed in a way that can be accomplished within the normal working hours and establishing work priorities.

(7) Conducting periodic self-assessments in order to analyze and justify the need for the OT and CT incurred.

(8) Determining waiving of dual pay limitation when required services cannot be readily obtained otherwise and under emergency conditions related to health, safety, protection of life, property, or national emergency.

(9) Approving recruitment, relocation, or retention incentives, student loan repayment, or supervisory differentials, or delegating the authority to management officials at a level higher than the official making the offer, unless no official at a higher level exists at the activity.

(10) Making waiver determinations for the repayment of a recruitment or relocation incentive, in whole or in part, when it is determined that recovery would be against equity and good conscience or against the public interest.

(11) Ensuring that the basis for any recruitment or relocation incentive is documented in accordance with reference (i).

(12) Justifying all retention incentives in writing demonstrating the unusually high, unique qualifications or special need of CNIC for an employee's services that makes it essential to offer the incentive to the specific employee.

(13) Establishing the criteria for supervisory differential payment.

(14) Authorizing extended assignment incentives in accordance with reference (l).

(15) Correcting any unjustified or unwarranted personnel action whenever it is applicable to the compensation, payment, and restoration of pay, allowances, differentials, and

employment benefits for the purpose of making the employee whole.

(16) Consulting with the Human Resources Office (HRO) regarding pay administration concerns.

b. Director, HRO is responsible for:

(1) Ensuring that the policies and procedures in pay administration matters are in compliance with this instruction.

(2) Advising activity managers and supervisors on the proper execution of their pay and compensation management authorities and responsibilities.

(3) Ensuring appropriate pay and compensation management training is provided to all individuals exercising delegated pay authority upon request.

(4) Assisting heads of installations and activities in their periodic self-assessment analysis regarding the OT and CT usage as needed.

(5) Ensuring that appropriated fund severance pay is provided in accordance with reference (1).

c. Managers and Supervisors with time and attendance approval authority are responsible for:

(1) Implementing and executing pay administration policy at the local command level.

(2) Ensuring actions are accomplished following applicable DoD, DON, CNIC, and OPM guidance and criteria, when exercising delegated pay authority.

(3) Ensuring that pay and compensation are administered in a consistent, fair, business-based, and equitable manner.

(4) Ensuring that time and attendance, including all entries for OT and CT earned, is accurate and timely certified and/or corrected if needed.

(5) Conducting periodic self-assessment regarding the OT and CT usage and need.

(6) Determining and approving use of organizational funds for requested pay actions.

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(7) Making pay recommendations in compliance with regulations and in accordance with DON, DoD, and CNIC guidance.

(8) Spending employment funds wisely and taking into consideration budget expense projections for each fiscal year.

(9) Considering qualifications, skills, performance, and service history of employees compared to the requirements of the job before making a pay determination.

(10) Submitting a written justification when making an appointment above the minimum rate of the grade, to include the rationale for proposing the grade and step.

(11) Ensuring employees do not engage in OT work without prior approval and applicable compensation.

(12) Reviewing employee's workload on a regular basis to ensure it can be accomplished within the normal working hours in order to avoid unnecessary OT.

(13) Addressing any questions concerning interpretation or application of information contained in this instruction with the servicing HRO prior to making a pay determination.

5. Action

a. Installation COs, N-Codes/SAs, and Activity Heads will:

(1) Ensure civilian time and attendance conform to the requirements in reference (m).

(2) Verify that OT budget estimates are developed on a realistic basis, and those amounts approved as part of the budget will be considered a firm target. However, it is recognized that unforeseen events can result in unplanned OT expenses affecting the approved budget.

(3) Analyze the need for OT work, the accomplishment of the missions, and any manning requirements if applicable, before incurring excessive OT cost.

(4) Review premium pay execution as documented in both time and attendance and accounting systems.

(5) Ensure compliance with the policies in this instruction. Supplemental implementing guidance may be issued at the discretion of the individual command and in the detail considered appropriate to accomplish the objective of this instruction.

(6) Comply with pay administration requirements and regulations in accordance with references (k), (l), and this instruction.

b. HRO will:

(1) Advise, guide, and train activities on pay administration and OT upon request.

(2) Assist with activities' periodic OT self-assessment as needed.

c. Managers and Supervisors with time and attendance approving authority will:

(1) Use pay administration and OT authority in compliance with the policies of this instruction.

(2) Make pay administration determinations after consulting HRO for advice and guidance.

6. Forms and Reports. NAVCOMPT 2282, Overtime/Compensatory Time Request and Authorization form, can be found on Naval Forms Online (NFOL) at: [https://navalforms.documentservices.dla.mil/formsDir/NAVCOMPT 2282 323.pdf](https://navalforms.documentservices.dla.mil/formsDir/NAVCOMPT_2282_323.pdf). Completed forms should be submitted through the chain of command for approval.

7. Records Management. Records created as a result of this instruction, regardless of media and format, shall be managed in accordance with SECNAV M-5210.1 of January 2012.



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Vice Admiral, U. S. Navy

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