SECNAV INSTRUCTION 12550.1B

From: Secretary of the Navy

Subj: PAY ADMINISTRATION (GENERAL)

Ref: (a) 5 U.S.C. §§5306, 5342, 5348, and 5355
(b) 5 CFR Parts 530-532, 536, 537, 550, 551, and 575
(c) DoD Instruction 1400.25 of 7 August 2018
(d) 73 FR 73248
(e) 64 FR 1426
(f) SECNAV M-5214.1

Encl: (1) Responsibilities

1. Purpose. To implement policy and assign responsibilities in accordance with references (a) through (e) for pay administration in the Department of the Navy (DON).

2. Cancellation. SECNAVINST 12550.1A.

3. Applicability

   a. This instruction applies to all DON employees covered by the General Schedule (GS), Administratively Determined Pay Plan, Federal Wage System, Wage Marine Pay Schedule, Alternative Pay Systems, and demonstration projects conducted jointly by the Office of Personnel Management (OPM) and the Department of Defense (DoD).

   b. This instruction does not apply to the Senior Executive Service, to positions above GS-15, or to non-appropriated fund positions.

4. Policy. It is the policy of the DON to use available compensation tools and funding appropriately to attract and retain skilled employees necessary for mission accomplishment.

5. Responsibilities. See enclosure (1).
6. **Action.** DON officials with responsibilities for pay administration and compensation shall implement this instruction and execute responsibilities as identified in enclosure (1).

7. **Records Management**

   a. Records created as a result of this instruction, regardless of format or media, must be maintained and dispositioned according to the records disposition schedules found on the Directives and Records Management Division (DRMD) portal page: [https://portal.secnav.navy.mil/orgs/DUSNM/DONAA/DRM/SitePages/Home.aspx](https://portal.secnav.navy.mil/orgs/DUSNM/DONAA/DRM/SitePages/Home.aspx)

   b. For questions concerning the management of records related to this instruction or the records disposition schedules, please contact your local Records Manager or the DRMD program office.

8. **Reports.** The requirement contained in paragraph 3b of enclosure (1) is exempt from information collection control by Part IV, paragraph 7n of reference (f) and requires no Report Control Symbol.

   [Signature]

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   Assistant Secretary of the Navy  
   (Manpower and Reserve Affairs)

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RESPONSIBILITIES

1. Assistant Secretary of the Navy (ASN) (Manpower and Reserve Affairs (M&RA)). ASN (M&RA) is responsible for the establishment of pay administration and compensation policies and delegations of pay administration authority in the DON.

2. Deputy Assistant Secretary of the Navy (Civilian Human Resources) (DASN(CHR)) or designee. DASN(CHR) or designee is responsible for the management, oversight, and direction of the pay administration and compensation program in the DON. The DASN(CHR) shall:
   
   a. Develop and implement DON pay administration and compensation policies, processes, and operations;
   
   b. Interpret all pay administration and compensation statutory and/or regulatory guidance and issue implementing guidance for the DON (as applicable);
   
   c. Issue directives on specific pay matters;
   
   d. Execute, and delegate as appropriate, DON-wide responsibilities for pay administration and issues requiring DON-level adjudication, approval or disapproval;
   
   e. Resolve pay issues referred from Echelon I and II Commands and the Marine Corps, and direct corrective actions when warranted;
   
   f. Oversee and evaluate civilian pay administration, compensation, pay processes, and operations affecting DON organizations to assess their effectiveness. This includes periodic assessments conducted to ensure DON organizations are compliant with governing laws, regulations, and Department of Defense (DoD) and DON policies.

3. Director, Office of Civilian Human Resources Headquarters (OCHR HQ). Director, OCHR HQ shall:

   a. Provide staff and operational support to the DASN(CHR) for pay administration and compensation;

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b. Report to DASN(CHR) all operational deficiencies relating to pay administration and provide recommendations for process improvement;

c. Develop and issue processes and tools within DON to ensure consistent, efficient, and effective pay administration.

4. Directors, OCHR Operations Centers. The Directors, OCHR Operations Centers shall:

   a. Ensure that internal policies, procedures, and business processes in pay administration matters are in compliance with current federal laws, regulations and DoD and DON policies and processes;

   b. Comply with, implement, and administer DON and DoD pay administration policies, programs, processes, and tools;

   c. Effectuate and perform quality assurance and control for pay actions;

   d. Take prompt action to correct pay errors and ensure that decisions directed by DON, DoD, the Office of Personnel Management (OPM), the courts, arbitrators, and administrative agencies (e.g. Equal Employment Opportunity Commission, Federal Labor Relations Authority, etc.) are implemented without delay.

5. The Chief of Naval Operations, Commandant of the Marine Corps, and the Department of the Navy/Assistant for Administration

   a. Shall ensure that this policy is implemented within their respective organizations; and

   b. Shall ensure subordinate commands and activities comply with statutes, regulations, policies, guidance, and direction from higher-level authorities.

6. Heads of Major Commands. Heads of Major Commands shall:

   a. Ensure that subordinate commands and activities comply with statutes, regulations, policies, guidance, and direction from higher-level authorities, e.g., DASN(CHR) or designee, DoD, and OPM;
b. Ensure that subordinate commands and activities are provided sufficient resources to ensure effective pay administration and compensation program accomplishment;

c. Delegate pay administration authority, as appropriate, including the authority to approve incentives and other compensation flexibilities;

d. Require managers and supervisors to ensure that employees are compensated appropriately based on assigned duties and responsibilities of the position;

e. Conduct periodic assessments of pay and compensation programs to evaluate their effectiveness and adherence to DON, DoD, and higher-level policies, processes, and requirements.

7. Directors, Civilian Human Resources (DCHRs). DCHRs shall:

a. Ensure that policies and procedures in pay administration matters are in compliance with this instruction and governing statutes, regulations, and DoD and DON policies;

b. Advise the Commander of their respective organization on the proper execution of pay administration and compensation management authorities and responsibilities;

c. Serve as the principal human resources (HR) advisor and technical authority on pay and compensation matters to subordinate commands and activities;

d. Collaborate with the servicing OCHR Operations Center, DASN(CHR) or designee, and OCHR HQ as appropriate;

e. Ensure action is taken to promptly correct pay errors and ensure that decisions directed by higher-level authorities are implemented without delay;

f. Assist heads of commands in conducting periodic assessments of pay and compensation programs.

8. Directors, Human Resources Offices. Directors, Human Resources Offices shall:
a. Ensure policies and procedures in pay administration matters are in compliance with this instruction and governing, statutes, regulations, and DoD and DON policies and processes;

b. Function as the senior HR pay and compensation advisor for serviced activity commanding officers, managers, and supervisors;

c. Advise commanding officers, managers and supervisors on the proper execution of their pay and compensation management authorities and responsibilities;

d. Comply with, implement, and administer DON and DoD pay administration and compensation policies, programs, processes and tools;

e. Ensure appropriate training is provided on pay administration and compensation;

f. Collaborate with the servicing OCHR Operations Center and DCHR as appropriate on pay and compensation matters;

g. Assist the DCHR and heads of commands and activities in conducting periodic self-assessments of their civilian pay and compensation programs.

9. Managers and Supervisors. Managers and Supervisors shall:

a. Implement and execute pay administration at the local command level consistent with proper resource management and mindful of fiduciary responsibility;

b. Ensure actions are accomplished following applicable DON, DoD, and OPM regulations, policies, and guidance when exercising delegated pay authority;

c. Ensure that pay and compensation are administered in a consistent, fair, business-based, and equitable manner per the merit system principles.