



PERSONNEL AND
READINESS

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

October 5, 2022
Change 2, September 23, 2024

MEMORANDUM FOR SENIOR PENTAGON LEADERSHIP
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Directive-type Memorandum 22-005 – “Enhanced Pay Authority for Certain Acquisition and Technology Positions in DoD”

References: Code of Federal Regulations, Title 5, Part 530
DoD Directive 5124.02, “Under Secretary of Defense for Personnel and Readiness (USD(P&R)),” June 23, 2008
United States Code, Title 5
United States Code, Title 10, Section 1701b

Purpose. In accordance with the authority in DoD Directive 5124.02, this Directive-type Memorandum (DTM):

- Establishes and implements policy, assigns responsibilities, prescribes procedures, and provides guidance for use of enhanced pay authority for covered acquisition and technology positions.
- This DTM is effective October 5, 2022; it will be converted to a new DoD instruction. This DTM will expire effective October 5, 2025.

Applicability. This DTM:

- Applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (referred to collectively in this DTM as the “DoD Components”).
- Does not apply to positions classified under:
 - The Senior Executive Service.
 - Scientific and professional positions.
 - Senior level positions.

- Highly qualified experts.

Definitions. See Glossary.

Policy. It is DoD policy to:

- Use enhanced pay authority to the extent necessary to competitively recruit or retain individuals exceptionally well qualified for covered acquisition and technology positions that require expertise of an extremely high level in a scientific, technical, professional, or acquisition management field, and are critical to the successful development or accomplishment of an important acquisition or technology mission.
- Set the rate of basic pay for a covered acquisition or technology position at a rate up to, but not to exceed, 150 percent of the rate of basic pay payable for level I of the executive schedule (EX-I), upon the approval of the Under Secretary of Defense for Acquisition and Sustainment (USD(A&S)), or the Service Acquisition Executive (SAE) concerned, as applicable.
- Set the rate of basic pay for a covered acquisition or technology position at a rate in excess of 150 percent of the rate of basic pay payable for EX-I, upon the approval of the Secretary of Defense (SecDef).
- Authorize use of enhanced pay to not more than five positions in the OSD, and not more than five positions in each Military Department at any one time.
- Require that appointments must be for a period of less than 5 years in duration.
- Authorize the OSD and the Military Departments the responsibility to administer use of their own enhanced pay authority program, fairly and equitably.

Responsibilities. See Attachment 1.

Procedures. See Attachment 2.

Releasability. Cleared for public release. Available on the Directives Division Website at <https://www.esd.whs.mil/DD/>.

Summary of Change 2. This change extends the expiration date for the DTM to October 5, 2025.

A handwritten signature in black ink, appearing to read "G. R. Cisneros, Jr.", written in a cursive style.

Gilbert R. Cisneros, Jr.

Attachments:
As stated

ATTACHMENT 1

RESPONSIBILITIES

1. ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER AND RESERVE AFFAIRS. Under the authority, direction, and control of the Under Secretary of Defense for Personnel and Readiness, the Assistant Secretary of Defense for Manpower and Reserve Affairs:

a. Has overall responsibility for the development of civilian personnel policy covered by this DTM.

b. Conducts analysis and provides recommendations to the SecDef and the Under Secretary of Defense for Personnel and Readiness with regard to this enhanced pay authority.

2. DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR CIVILIAN PERSONNEL POLICY. Under the authority, direction, and control of the Assistant Secretary of Defense for Manpower and Reserve Affairs, the Deputy Assistant Secretary of Defense for Civilian Personnel Policy supports the development of civilian personnel policy covered by this DTM, and monitors execution by OSD and the Military Departments, ensuring consistent implementation and continuous application throughout the DoD.

3. DIRECTOR, DEPARTMENT OF DEFENSE HUMAN RESOURCES ACTIVITY. Under the authority, direction, and control of the Under Secretary of Defense for Personnel and Readiness, the Director, Department of Defense Human Resources Activity provides support to the Deputy Assistant Secretary of Defense for Civilian Personnel Policy, as appropriate, in the execution of the duties and responsibilities assigned in this DTM.

4. USD(A&S).

The USD(A&S):

a. Approves the fixed rate of basic pay for the recruitment or retention of individuals under a covered acquisition and technology position in the OSD at a rate up to, but not to exceed, 150 percent of the rate of basic pay payable for EX-I.

b. Serves as the approval authority for enhanced pay for covered acquisition and technology positions in the OSD.

c. Ensures that not more than five positions in the OSD and not more than five positions in each Military Department, each with a duration of less than 5 years, will be authorized enhanced pay under this authority at any one time.

5. OSD COMPONENT HEADS EXCLUDING THE USD(A&S).

The OSD Component heads excluding the USD(A&S):

- a. Establish and implement the procedures to recruit and retain high-level expertise for positions in the scientific, technical, professional, or acquisition management fields in the OSD.
- b. Request approval from the USD(A&S) to utilize this authority.
- c. Provide a report on the use of this enhanced pay authority by September 30 of each year to the Director, Human Capital Initiatives (HCI), Office of the USD(A&S).

6. SECRETARIES OF THE MILITARY DEPARTMENTS.

The Secretaries of the Military Departments:

- a. Establish and implement the procedures to recruit and retain high-level expertise for positions in the scientific, technical, professional, or acquisition management field within each respective Military Department.
- b. Request approval from the SAE of the Military Department concerned, to use this enhanced pay authority and to approve the fixed rate of basic pay for the recruitment or retention of individuals under a covered acquisition and technology position at a rate up to, but not to exceed, 150 percent of the rate of basic pay payable for EX-I.
- c. Ensure that not more than five positions, each with a duration of less than 5 years, will be authorized enhanced pay under this authority in each Military Department at any one time.
- d. Provide a report on the use of this enhanced pay authority by September 30 of each year to the Director, HCI, Office of the USD(A&S).

ATTACHMENT 2

PROCEDURES

1. AUTHORITY.

a. Section 1701b of Title 10, United States Code (U.S.C.), authorizes the SecDef to implement a program using enhanced pay authority, as described in Paragraph 1.b., to set the rate of basic pay for positions in order to assist the OSD and the Military Departments in attracting and retaining acquisition and technology experts; bringing innovation in positions responsible for managing and developing complex, high-cost, technological acquisition efforts of the DoD.

b. Pay set under this authority is administratively determined (AD).

(1) Authority to set the rate of basic pay for a covered acquisition and technology position at a rate up to, but not to exceed, 150 percent of the rate of basic pay payable for EX-I, upon the approval of the USD(A&S), or the SAE concerned, as applicable.

(2) Authority to set the rate of basic pay for a covered acquisition and technology position at a rate in excess of 150 percent of the rate of basic pay payable for EX-I, upon the approval of the SecDef.

(a) For pay established under Paragraph 1.b.(2), a justification package must be submitted, through the OSD or Military Department headquarters and the USD(A&S), for approval by the SecDef, to the Employment and Compensation Line of Business, Defense Civilian Personnel Advisory Service, at dodhra.mc-alex.dcpas.list.ec-policy@mail.mil.

(b) The justification package must include the proposed rate of pay and a compelling business case documenting the position requirements. The business case should include a summary of the various factors taken into account as rationale for the requested rate of basic pay (e.g., employment trends and labor market, special or unique competencies required, salaries typically paid outside the Federal Government).

(3) Rates of basic pay established in Paragraph 1.b. may be adjusted by the same percentage rate authorized in the annual pay adjustment for EX-I, as provided in an Executive order or an act of Congress.

(4) Recruitment, relocation, and retention incentives may also be authorized, subject to the applicable aggregate limitation on pay specified in Paragraph 1.b.(5).

(5) The aggregate limitation on pay in Section 5307 of Title 5, U.S.C., applies. Any payment in a calendar year (other than basic pay) in excess of the applicable aggregate limitation will be deferred in accordance with Section 5307 of Title 5, U.S.C., and Part 530 of Title 5, Code of Federal Regulations.

2. PROVISIONS.

- a. Positions covered by this authority are identified in the AD pay plan.
- b. Appointments must be for a period of less than 5 years in duration.
 - (1) New appointments for a period of less than 1 year are temporary appointments.
 - (2) New appointments for a period of more than 1 year and less than 5 years are term appointments.
- c. Current Federal employees may apply for an appointment and if selected are eligible for enhanced pay under this authority; however, selection and appointment to a position described in Paragraph 2.b. does not convey an entitlement of the employee to return to their prior position of record.
- d. An appropriate hiring authority must be used to appoint candidates under this enhanced pay authority.
- e. Employees under this authority are eligible for employee programs and benefits comparable to those provided to similar employees in the DoD.
- f. Use for retention.
 - (1) This authority may be further used as a retention mechanism in cases where individuals currently appointed to temporary or term appointments are likely to leave DoD service, or accept a different Federal position where their unique expertise is required.
 - (2) In such cases, DoD Components may request to use this authority to increase the compensation of an individual who meets the required expertise of the position.
 - (3) Upon submission, requests must include justification detailing the basis for:
 - (a) Determining the DoD Component has a special need for the employee's services that makes it essential to retain the employee, based on the mission needs and the employee's competencies, and
 - (b) Supporting factors that the employee would be likely to leave for a different position in the Federal Government or private sector in the absence of the increase.
 - (4) If this authority is used for retention to increase the compensation of an individual whose pay is set under this authority at the time of recruitment, the not-to-exceed date of that individual's appointment does not change and cannot be increased over the 5-year duration. Requests for an adjustment of pay to retain an individual should be submitted only after a sufficient period in which the DoD Component can appropriately assess the individual's performance.

3. DOCUMENTING PERSONNEL ACTIONS.

a. Positions must be coded with AD indicator equals “1” (enhanced pay authority).

b. Pay authorized under this authority is entered in basic pay and documented on the Standard Form 50, “Notification of Personnel Action,” found on the U.S. General Services Administration website, as:

(1) Pay plan “AD”.

(2) Grade or level “00”.

(3) Step or rate “00”.

(4) Pay rate determinant “0”.

(5) Remark code ZAW: “Pay is set in accordance with Sec. 1701b of Title 10, U.S.C.”.

4. OVERSIGHT AND ACCOUNTABILITY.

a. The OSD and Military Departments will provide a report on the use of this pay authority by September 30 of each year to the Director, HCI, Office of the USD(A&S).

b. The report will include:

(1) Rate of basic pay established under this authority of each individual and specify any additional incentives, bonuses, and awards the individual receives during the appointment.

(2) Occupational series and grade of each individual whose pay is set under this authority.

(3) A description of the employee’s duties.

(4) A description of how the authority has helped recruit or retain the employee.

(5) A description of the employee’s performance and any contributing factors that identify the successful outcomes that meet the organization’s strategic goals.

c. The HCI office will provide a copy to the Employment and Compensation Line of Business, Defense Civilian Personnel Advisory Service, upon receipt.

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

ACRONYM	MEANING
AD	administratively determined
DTM	directive-type memorandum
EX-I	level 1 of the executive schedule
HCI	human capital initiatives
SAE	service acquisition executive
SecDef	Secretary of Defense
U.S.C.	United States Code
USD(A&S)	Under Secretary of Defense for Acquisition and Sustainment

PART II. DEFINITIONS

TERM	DEFINITION
appointment	Any personnel action that brings an employee, as defined in Section 2105 of Title 5, U.S.C., onto the rolls of an executive agency. This applies to an individual who is not currently an employee in that agency.
covered acquisition and technology position	The positions covered by this program are positions that require expertise of an extremely high level in a scientific, technical, professional, or acquisition management field, and are critical to the successful development or accomplishment of an important acquisition or technology mission.
highly qualified experts	An individual who possesses expertise or recognized knowledge, skills, and experience in an occupational field. An expert may have substantive experience or education in a variety of occupational fields such as soft and hard sciences, engineering, technology, human resources, business, transformation, education, medicine, languages, and logistics, but is generally credentialed or has proven ability in a particular field or fields.

TERM	DEFINITION
scientific and professional positions	Scientific and professional positions include positions classified above the general schedule grade 15 that are not Senior Executive Service positions (i.e., do not involve executive and management responsibilities) and are engaged in research and development in the physical, biological, medical, or engineering sciences, or a closely related field.
Senior Executive Service	The Senior Executive Service includes most managerial, supervisory, and policy positions classified above general schedule grade 15 or equivalent positions in the Executive Branch of the Federal Government.
senior level positions	Senior level positions include positions that are not Senior Executive Service positions above the general schedule grade 15.