

Reclamation Manual

Directives and Standards

Subject:	Supervisors of Negotiated Rate Employees (XE Supervisors)
Purpose:	This Directive and Standard (D&S) provides Bureau of Reclamation (Reclamation) requirements for issuing special wage schedules for supervisors of negotiated rate employees (known as XE Supervisors), for determining and paying group retention incentives for XE Supervisors. This D&S also outlines the waiver request requirements from the Office of Personnel Management (OPM)'s provision that pay increases for certain prevailing rate employees may not exceed a certain rate of pay.
Authority:	Pub. L. 108-411 Section 101 of the Federal Workforce Flexibility Act of 2004; Consolidated Appropriations Act (issued each fiscal year); Title 5 CFR Parts 536, 532.285, 532.801, and 532.251 (b); Federal Wage System (FWS) Job Grading Standard for Supervisors; Department of the Interior Personnel Bulletin Number 06-01; Reclamation Manual Directive and Standards HRM 04-06.
Approving Official:	Deputy Commissioner – Policy, Administration and Budget (PAB)
Contact:	Human Resources Division, Human Resources Policy Office (84-12000)

1. **Introduction.**

5 CFR § 532.285 requires Reclamation to establish and issue special wage schedules for XE Supervisors. These schedules shall be based on annual wage surveys conducted by Reclamation in each special wage area. Reclamation positions surveyed will be matched to private industry jobs in each special wage area. Special wage schedule rates for each position surveyed will be based on prevailing rates for that particular job in the private industry.
2. **Applicability.**

This policy applies to all employees responsible for conducting special wage surveys of XE Supervisors, employees responsible for issuing special wage schedules of XE Supervisors, and XE Supervisors paid from the special wage schedules.
3. **Prevailing Rate Determination Procedures.**
 - A. **Establishing Local Wage Survey Committee.**

For each special wage area, a local wage survey committee (survey committee) shall be established prior to the beginning month of the survey. The survey committee includes a chairperson and two other members (at least one of whom shall be a supervisor paid from the special wage schedule), and one or more two-person data collection teams (each of which shall include at least one supervisor paid from the special wage schedule).

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B. Determining Position Matches.

Once the survey month commences, the data collection team will compile a list of companies that are known to have potential position matches in the special wage survey area.

- (1) Special wage survey area boundaries shall be identical to the survey areas covered by the special wage surveys. The areas of application in which the special schedules will be paid are generally smaller than the survey areas, reflecting actual Reclamation worksites and the often scattered location of surveyable private sector jobs. Special wage schedules survey areas and areas of application are established for each Region in 5 CFR 532.285(d).
- (2) Position matches will be made by reviewing a current list of duties and/or position description of the XE Supervisors in the special wage area of application and contacting private industry companies, with no minimum employment size requirement for establishments, in the following North American Industry Classification System code subsectors: Oil and gas extraction, mining (except oil and gas), support activities for mining, utilities, machinery manufacturing, computer and electronic product manufacturing, electrical equipment, appliance, and component manufacturing, truck transportation, couriers and messengers, warehousing and storage, broadcasting and content providers, telecommunications, waste management and remediation services, repair, and maintenance.
- (3) In the first year of implementation, all special areas will have full-scale surveys and all companies on the list will be surveyed. Even though the preferred method continues to be personal visits for full-scale surveys, technological advances now provide new tools for data collection that were not available when the pay system was established. There are now electronic tools, systems, devices, and resources that assist in gathering information in cost effective and reliable ways.
- (4) For subsequent surveys, companies shall be removed from the survey list if they prove not to have position matches, and new companies will be added if they are expected to have position matches. Survey committees may elect to narrow the survey list; however, all included companies must also fall within the wage survey area.
- (5) A Wage Survey Collection Form (Appendix A), a list of duties and/or a current position description of the surveyed XE Supervisor position, will be sent to each company on the list with a request to provide a comparable position match and wage data of the matched position.
- (6) The following information may be requested from companies with anticipated comparable position matches:

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- (a) the title of the position;
 - (b) an organizational chart to show where the position is placed in the organization;
 - (c) any applicable salary tables;
 - (d) the total number of incumbents in the position that are physically located in the wage survey area;
 - (e) The current hourly rate of pay of each incumbent. If the company declines to provide the hourly rate of each incumbent, the average pay of all incumbents in the position will be requested and used in the weighted average.
 - (f) the date of the last increase;
 - (g) the percent of the last increase;
 - (h) whether the position supervises other employees and if so, how many;
 - (i) the list of trades the position supervises;
 - (j) whether the position is exempt or nonexempt from FLSA;
 - (k) if the position may earn overtime;
 - (l) whether bonuses are paid and if so, whether they are paid one time or are hourly rate adjusted;
 - (m) any other fringe benefits the position receives; and
 - (n) whether the position is covered by a labor agreement.
- (7) When a position match has already been established in prior surveys, an Abbreviated Wage Survey Form (Appendix D) may be used. The following information may be requested:
- (a) any applicable salary tables;
 - (b) the total number of incumbents in the position that are physically located in the wage survey area;
 - (c) The current hourly rate of pay of each incumbent. If the company declines to provide the hourly rate of each incumbent, the average pay of

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all incumbents in the position will be requested and used in the weighted average.

- (d) the date of the last increase;
 - (e) the percent of the last increase.
- (8) If the surveyed company fails to respond, the survey committee will attempt to contact the company a second time. If the company fails to respond after the second attempt, the data from the surveyed company will be omitted in the calculation for the current survey year. The survey committee will attempt to collect the data again the following year if it is still expected they may have a comparable position match.
- (9) The survey committee will review the position match, if provided, and determine if the match is comparable.
- (a) Factors to consider in determining a comparable match may include but are not limited to similar: job duties, organizational placement (e.g., second-level supervisor), number of subordinates, number of trades supervised, industry subsector, FLSA exemption, of the XE position being surveyed. A matched position requires the incumbent(s) to be physically located in the wage survey area, which may differ from the area of application.
 - (b) The survey committee may request the position directly above and directly below the provided position to determine if another position in the company is a more comparable match.
 - (c) If the survey committee cannot agree on a position match, the committee chair will make the final determination regarding which position will be used in the weighted average or, whether the company will be omitted from the survey entirely.

C. Calculating Prevailing Rate.

The survey committee will determine the prevailing rate for each survey position in the application area as a weighted average.

- (1) To calculate the prevailing rate, each position match will be assigned a weight based on the number of incumbents in that position in the survey year. An example of a weighted average calculation is included in Appendix B.
 - (a) The hourly rate will be used in the weighted average calculation for each position match. If the surveyed company fails to provide the hourly rate

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and provides an annual salary, the annual salary will be divided by 2087 (number of full-time annual working hours) to determine the hourly rate.

- (b) Hourly adjusted fringe benefits or bonuses shall not be included in the hourly rate.
- (2) If the surveyed company responds but indicates there are currently no incumbents in the position and/or survey area, the data will be omitted in the calculation for the current survey year.
- (3) The hourly rates will be totaled (accounting for multiple incumbents) and divided by the total number of incumbents for all position matches in the annual survey to provide the calculated weighted average.
- (4) The calculated weighted average will provide the prevailing rate for XE Supervisors at step 2 (100%). The prevailing rate will not be applied until maximum and minimum adjustments are considered.
- (5) The prevailing rate for XE Supervisors at step 2 (100%) will be divided by the previous year's 100% rate to express the difference as a percentage (e.g., $\$55.00/\$54.00 = 1.9\%$ increase). This will provide the tentative wage rate adjustment for use in determining the appropriate annual pay adjustment percentage.

D. Pay Adjustments.

Once the prevailing rate and tentative wage rate adjustment have been determined, the annual pay adjustment percentage will be calculated and processed for XE Supervisors in the wage area of application.

- (1) Consistent with the limitations in 205 DM 8.2 and 8.3, this D&S delegates authority to set XE Supervisor pay to the Regional Director from the Human Capital Officer (HCO). The authority of the RD can only be re-delegated to the SHROs.
- (2) Annual pay adjustments for XE Supervisors are subject to the limitations and minimums set forth by the Fiscal Year Prevailing Rate Pay Adjustment Memorandum for Heads of Executive Departments and Agencies (annual OPM memorandum), issued each fiscal year by the Office of Personnel Management, typically in December. SHROs must follow instructions in the OPM memorandum. In the event of a contradiction between this D&S and the provisions in the annual OPM memorandum, the provisions of the OPM memorandum shall prevail.
 - (a) The maximum wage rate percentage is set forth by the annual OPM memorandum.

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- (b) The minimum wage rate percentage will not be less than the percentage adjustments under 5 U.S.C. 5303 and 5304 received by GS employees in the same location in January of that calendar year. The minimum wage rate percentage is tied to the GS employees in a certain location; therefore, some prevailing rate wage areas will have more than one wage schedule in effect during each fiscal year.
 - (c) If the calculated weighted average percentage is higher than the maximum and minimum wage rate percentage, the maximum wage rate percentage will be applied to the previous year's 100% wage rate. In some wage areas, wage schedule adjustments under the minimum increase provisions will be higher than under the maximum increase provisions and the minimum wage rate increase percentage will be applied to the previous year's 100% rate.
 - (d) If the calculated weighted average percentage is higher than the minimum wage rate percentage, but lower than the maximum wage rate percentage, the prevailing rate will become the new 100% wage rate.
 - (e) If the calculated weighted average percentage is lower than the minimum wage rate percentage, the minimum wage rate percentage will be applied to the previous year's 100% rate. In some surveys, the prevailing rate may be lower than the previous year. In this case, the minimum wage rate percentage will be applied to the previous year's 100% rate.
 - (f) Once the 100% rate is determined for each position in the survey area by adjusting to the prevailing rate or applying the appropriate adjustment percentage, the step 1 will be set at 96% of the 100% rate and the step 3 will be set at 104% of the 100% rate.
- (3) The SHRO determines the annual recurring effective date of the pay adjustments (based on historical effective date of first wage schedule in that survey area) and shall process the pay adjustment no more than once every 52 weeks.
- (a) The wage rates on certain wage schedules are effective retroactively to the normal effective date. For example, if a wage schedule for the ABC Wage Area has a normal effective date in FY 2025 of October 6, 2024, and the Prevailing Rate Pay Adjustments Memorandum for FY 2025 is issued in December 2024, the employees paid from this wage schedule are entitled to pay adjustments retroactive to October 6, 2024.
 - (b) For wage areas with effective dates later in the fiscal year, retroactive adjustments will not be required. For example, wage schedules for the XYZ Wage Area that have an effective date of July 28, 2024, will use

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the FY 2024 memorandum, and see their wage schedule adjusted prospectively.

4. **XE Supervisor Group Retention Incentives.**

To mitigate the potential risk of XE Supervisors leaving federal service, SHROs may submit a request for a group retention incentive for the wage application area experiencing retention and recruitment difficulties for approval by the RD.

A. In addition to the requirements outlined in HRM 04-06, the following eligibility criteria applies:

- (1) An XE supervisor's pay must be inverted or compressed to the point that they make less than 3% above the base rate of the highest paid employee supervised.
- (2) The retention amount paid is the minimum amount required to set the XE Supervisor rate at 3% above the highest paid employee supervised.
 - (a) Example A: If the XE Supervisor is compressed and makes 1% above their highest paid subordinate, they may be paid enough incentive to increase their rate to 3% above.
 - (b) Example B: If the XE Supervisor is inverted and makes 2% below their highest paid subordinate, they may be paid enough incentive to increase their rate to 3% above.
- (3) The amount of the incentive must not exceed 10% of the base rate of pay of the XE Supervisor receiving the retention incentive. For example, if the XE Supervisor makes 14% below their highest paid subordinate, they may be paid a maximum of 10%, even though the XE Supervisor will remain inverted.
- (4) XE Supervisors shall only be paid retention incentives when the employee's most recent rating of record is at least fully successful¹.

B. Retention incentives will be paid in biweekly installments only.

C. The incentive can be terminated or reduced after notifying XE Supervisors in writing of the intent to terminate or reduce the retention incentive.

- (1) Decisions to approve, continue, reduce, or terminate a retention incentive cannot be appealed or grieved.

¹ HRM 04-06 currently states, "the employee's most recent official performance rating of record is at least "superior" or the equivalent"; however, a memorandum requesting deviation from this requirement was approved on October 23, 2024.

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- (2) SHROs must promptly notify XE Supervisors in writing of a change or termination of their retention incentive as soon as practicable after the triggering event. The effective date of the change or termination shall be the beginning of the pay period following the written notification or upon the XE Supervisor's separation (whichever is earlier), but no later than 30 days from the triggering event.
- (3) To prevent retroactive reduction or termination of retention incentives, which would result in a debt to XE Supervisors receiving retention incentives, the SHRO must audit group retention incentives when the following occurs:
 - (a) annual pay adjustments are processed for XE Supervisors receiving a retention incentive;
 - (b) annual pay adjustments are processed for negotiated rate employees in the XE Supervisors reporting chain;
 - (c) an XE Supervisor receiving a retention incentive receives a step increase;
or
 - (d) the highest paid position supervised, of which the retention incentive was based, becomes vacant. Vacant positions will not be used to determine retention incentives.

5. OPM Pay Waivers.

- A. Reclamation has established baseline criterion for eligibility to submit a pay waiver package (template in Appendix C) to OPM to request to waive the annual pay limitation. The request is a one-time “reset” and can only be submitted once per year if all other eligibility requirements are met.
- B. To be eligible to submit a pay waiver package for approval, the XE Supervisors in a specific wage area of application must be experiencing both subordinate and prevailing rate inversion/compression, and either retention or recruitment issues.
 - (1) **Subordinate Pay Inversion/Compression.**
The XE Supervisors in the wage area must be receiving less than 3% above their highest paid subordinate. The subordinate position used in the calculation must be incumbered, as the pay is based on the actual incumbent’s hourly rate, not a vacant position.
 - (2) **Prevailing Rate Inversion/Compression.**
The XE Supervisors in the wage area must be receiving less than 3% above the current prevailing rate calculation. The pay gap will be assessed on the calculated weighted average in the current fiscal year; therefore, the survey

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must be conducted for that year, prior to submission of the pay waiver package.

(3) **Retention Issues.**

Documentation must show one or more XE Supervisors vacated their positions because of issues related to pay inversion or pay compression.

- (a) XE Supervisors who leave their position because of pay-related issues must document their reasoning on their departure SF-50 or provide documentation to the SHRO.
- (b) XE Supervisors who retire from federal service will not be permitted to be included in supporting documentation.
- (c) Retention documentation may be collected and provided in the pay waiver package for the previous five years.

(4) **Recruitment Issues.**

Documentation must show unsuccessful recruitment efforts for vacant XE Supervisor positions.

- (a) Recruitment issues will be demonstrated by position declinations, multiple job advertisements with no selections made, and/or extended position vacancies.
- (b) Recruitment documentation may be collected and provided in the pay waiver package for the previous three years.

C. Once eligibility has been determined, the SHRO will prepare the pay waiver package and submit to the RD for concurrence and route to the Human Resources Policy Office (HRPO).

- (1) The HRPO will review the pay waiver package prior to forwarding to HCO for concurrence.
- (2) If the RD and HCO concur with the request, the HCO will submit the package to the DOI.
- (3) The Deputy Commissioner, Policy, Administration and Budget must review and concur with OPM pay waivers prior to submitting to DOI.
- (4) If DOI concurs with the request, the request will be submitted through the appropriate routing chain to OPM for final approval.

D. If the annual recurring effective date passes during the OPM pay waiver approval process, wage schedules must be implemented with the limitations imposed. If OPM

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subsequently approves the pay waiver package after the regular effective date, the SHRO will replace the existing salary table with the new salary table and adjust the wages retroactively to the date the adjustment would normally occur (i.e., the annual recurring effective date).

- E. If OPM approves the pay waiver package, the SHRO will adjust the wages without consideration of the maximum and minimum wage rate percentages.
 - (1) The prevailing rate will become the 100% rate of pay (step 2) for all positions in the approved wage application area.
 - (2) The step 1 will be 96% of the calculated weighted average and the step 3 will be 104% of the calculated weighted average.

6. **References.**

- A. [5 CFR Part 532.285](#). Special wage schedules for supervisors of negotiated rate Bureau of Reclamation employees.
- B. [Chief Human Capital Officers Council Transmittals](#). This transmittal page allows users to search for various OPM memorandums, including the annual Prevailing Rate Pay Adjustments memorandum.

7. **Appendices.**

- A. Wage Survey Collection Form
- B. Calculated Weighted Average Example
- C. OPM Pay Waiver Template
- D. Abbreviated Wage Survey Collection Form

8. **Definitions.**

- A. **Calculated Weighed Average.**
The average of all comparable position matches in a wage survey area, considering the number of incumbents in each position. The calculated weighted average becomes the prevailing rate for the surveyed position.
- B. **Calculated Weighted Average Percentage.**
The new weighted average hourly rate of pay divided by the previous year's 100% rate, expressed as a percentage.

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- C. **Comparable Position Match.**
Private industry jobs that are similar in job duties, organizational placement, number of subordinates, number of trades supervised, industry subsector, and/or FLSA exemption, of the surveyed position.
- D. **Full-Scale Wage Survey.**
A survey conducted at least every 2 years in which data is collected from a current sampling of establishments in the private sector by personal visit of data collectors. With the unanimous consent of the members of a Local Wage Survey Committee, data may also be obtained from a private sector establishment or establishments during a full-scale wage survey by telephone, mail, or electronic means.
- E. **Local Wage Survey Committee.**
A data collection team responsible for determining the prevailing rate for each survey position as a weighted average.
- F. **Maximum Pay Increase.**
The limitation which provides that pay increases for XE Supervisors may not exceed the sum of the annual General Schedule (GS) across-the-board percentage adjustment and the difference between the overall average percentage locality payments for GS employees in the present and prior year.
- G. **Minimum Pay Increase.**
The floor pay adjustment amount equal to the percentage pay adjustments received by GS employees where they work.
- H. **Newly Established Wage Schedules.**
The first wage schedule implemented for new positions or significantly restructured roles that did not previously exist in the organization for supervisors of negotiated rate wage employees.
- I. **OPM Pay Waiver Package.**
A request made by the SHRO to the Office of Personnel Management to deviate from the annual pay limitations which seeks to adjust the 100% rate of pay to match the weighted average.
- J. **Prevailing Rate.**
The rate for a particular job in private industry, as determined by a calculated weighted average of comparable positions the special wage survey area.
- K. **Previously Established Wage Schedules.**
Wages schedules for existing positions/supervisors of negotiated rate wage employees.

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- L. **Special Wage Area of Application.**
Geographic area within which a single set of regular wage schedules is applied uniformly by federal installations to covered occupations.
 - M. **Special Wage Schedules.**
Schedules based on annual special wage surveys conducted by the Bureau of Reclamation in each special wage area.
 - N. **Special Wage Survey Area.**
The part of the wage area where the private enterprise establishments included in the wage survey are located.
 - O. **Wage Area.**
Geographic area within which a single set of regular wage schedules is applied uniformly by Federal installations to covered occupations.
 - P. **XE Supervisors.**
Wage supervisors of negotiated rate wage employees in Reclamation.
9. **Review Period.**
The originating office will review this release every four years.