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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001



September 23, 2005

MEMORANDUM TO: Luis A. Reyes
Executive Director for Operations

THROUGH: Federal Employees Pay Comparability Act (FEPCA)
Senior Management Review Panel

James F. McDermott, Director *James F. McDermott*
Office of Human Resources

FROM: Resident Inspector Relocation Incentive Review Task Group *[Signature]*

SUBJECT: RECOMMENDATIONS BASED ON REVIEW OF RESIDENT
INSPECTOR PROGRAM RELOCATION INCENTIVE
ALGORITHM

PURPOSE

This memorandum transmits results of the review of the algorithm for determining relocation incentive amounts for different resident inspector duty locations.

RECOMMENDATIONS

The task group recommends that the Executive Director for Operations (EDO) approve the following:

- the updated method of calculating relocation incentives for resident inspector duty locations contained in Attachment 1, "Resident Inspector Relocation Incentive Determination Guidelines;"
- the resulting incentive percentage amounts in Exhibit 1 of Attachment 1; and
- periodic review of the relocation incentive algorithm at a 5-year interval.

BACKGROUND

In October 2004, the Executive Director for Operations approved a 5-year extension of NRC's policy providing for relocation allowances for Resident Inspectors and Senior Resident Inspectors without prior case-by-case approval. In conjunction with the extension, the Federal Employees Pay Comparability Review Panel (FEPCA) requested that NRC reevaluate the

algorithms for determining relocation incentive amounts for the different resident inspector duty locations.

A task group comprised of representatives from each Region, the Office of Nuclear Reactor Regulation (NRR), the Office of Human Resources (OHR), and the Office of the Chief Financial Officer (OCFO) was formed to review the previous algorithm. The task group consisted of:

- Leslie W. Barnett, Director, Division of Planning, Budget and Analysis, OCFO
- Michael J. Case, Deputy Director, Division of Inspection Program Management, NRR
- James T. Wiggins, Deputy Regional Administrator, Region I
- Victor M. McCree, Director, Division of Reactor Projects, Region II
- Bruce A. Berson, Region III Counsel, Region III
- Arthur T. Howell, III, Director, Division of Reactor Projects, Region IV
alternating with Anton Vogel, Deputy Director, Division of Reactor Projects, Region IV
- Carolyn J. Swanson, Team Leader, Human Resources Policy and Programs, OHR
- Nancy L. Johns, Sr. Policy and Program Development Specialist, OHR

ALGORITHM REVIEW CONSIDERATIONS

The task group agreed that the relocation incentive program and the previous algorithm were basically working well in that there was no evidence of widespread difficulty in maintaining resident site coverage. The task group viewed relocation incentives as a valuable tool that has contributed to successful recruitment of resident inspectors (RI). However, even with this successful program, it remained difficult to recruit for some sites, such as those in areas with a very high cost of living. The task group concluded that the existing algorithm was essentially appropriate. This approach provided a minimum incentive that may be increased on the basis of recruitment difficulty and/or geographic economic factors. The task group made some revisions to the methodology in response to developments since the algorithm was established. The following discussion summarizes that panel's considerations regarding the three key components of the RI incentives.

Geographic Economic Factor. The task group updated this factor to reflect a rating for sites based on cost of living data published in the 2004 Cities Ranked and Rated for metropolitan cost areas that best represented each site. The cost of living data is based on indexes of housing, taxes, food, utilities, transportation, health care and other miscellaneous costs for necessities. It therefore provided a more robust indicator of geographic economic factors than locality pay considerations which are based only on salary comparisons. A percentage of relocation incentive ranging from 0 to 10% was assigned to each site based on this factor.

Recruitment Difficulty Factor. The working group re-assessed the difficulty recruiting candidates for each RI site. The group collected information about postings for resident sites over the past two years and numbers of candidates referred on the Best Qualified List. The data was considered in the context that the relocation incentives along with other tools for recruitment and retention are generally working. The data helped bring to the group's attention some instances in which the evidence indicated that it was unusually difficult or easier to recruit given the existing relocation incentives. The extent to which vacancies received adequate numbers of candidates and did not need to be posted repeatedly was viewed as an indicator that relocation incentives (in combination with other tools) were working successfully. For this

factor; the working group's evaluation relied heavily on experience, staff feedback, and judgment in addition to the data collected. Some of these considerations included remoteness of the site, perceived workload, advancement potential, and licensee responsiveness. As in the previous algorithm, sites were assigned to one of 3 categories: those for which it was expected to be (1) less difficult in comparison to other sites to attract suitable candidates, (2) for which it is expected to be difficult to attract suitable candidates absent this incentive (that is, the number of suitable candidates is likely to be few), and (3) particularly difficult to fill positions absent this incentive; for example, several postings may be necessary to attract a suitable candidate.

Minimum Relocation Incentive. The EDO, at the recommendation of the FEPCA Panel, approved the establishment of "blanket" RI relocation incentives in October 1994 for a period of 5 years. As noted above, the incentives were established to help alleviate the disincentive of mandatory moves. Approval of the blanket relocation incentives was extended by FEPCA recommendation and EDO action for additional 5-year periods in 1999 and 2004. The October 12, 1994, approval memorandum signed by the EDO specified that the amount of the RI/SI relocation incentive would be "no less than 10 percent of base pay" and "no more than 25 percent of base pay." SECY-98-281, dated December 2, 1998, on which the 1999 extension of the program was based, found that the relocation incentive policy had "effectively minimized the economic disincentives associated with management-directed relocation and that all eligible NRC employee should continue to receive relocation bonuses consistent with the current provisions." The paper observed that incentives ranging from 10 to 25 percent of base salary were typically given under the existing program. The 2004 extension approval found that the relocation incentives comprise an essential part of the compensation/incentive package that helps NRC recruit and retain highly talented individuals in these key positions.

As indicated in the 2004 memorandum authorizing continuation of the incentives, the "resident jobs are unique in that they involve a fixed 'clock' that necessitates geographic relocation." Resident jobs are also unique in that they frequently serve at locations remote from other NRC employees and may, by policy, have only limited associations with licensees. In accordance with MD 10.44, the incentives, which are intended to alleviate disincentives associated with relocating, were established in order to avoid difficulty filling resident inspector positions with suitable candidates. The task group concluded that a minimum incentive remained appropriate in view of the importance of obtaining suitable candidates for all Resident Inspector and Senior Resident Inspector positions and the fixed "clock" requiring repeated geographic location. The task group's review of RI program incentive percentages suggested no reason for eliminating or materially reducing the minimum amount for the incentives. The task group recommended, however, that the minimum incentive be established as 8% of pay, including special rates and locality pay, because this percentage best approximates the prior minimum incentive of 10% of base GG pay and is consistent with new governmentwide regulations defining relocation incentives as a percentage of full pay. The maximum incentive recommended is 25% of pay.

The prior minimum incentive was distributed as a minimum 5% incentive each for the recruitment difficulty factor and the geographic economic factor. The task group recommended structuring the incentives as a 8% minimum (or base) amount separate from those two factors.

Resources. Precise budget estimates for relocation incentives are not possible since costs vary depending on the number, grade levels, and locations of specific vacancies as well as whether the selectee actually needs to relocate to accept the position. NRC spent

approximately \$477,540 on relocation incentives for resident inspectors in FY 2004; the agency spent approximately \$172,400 on these incentives during the first 8 months of FY 2005. Data indicated that there have been approximately 40 moves per year with the number decreasing over the past 18 months.

The net effect of basing the incentives on pay including special pay rates and locality pay, offset by using an 8% minimum salary amount, is an approximate \$50,000 annual increase in program costs, which are funded from agency salaries and benefits. If the decreasing number of moves proves representative, the projected increase in costs should be reduced.

The projected total increase of \$50,000 per year constitutes less than the usual moving expenses for one employee. The task group concluded that this increase is appropriate in order to preserve positive perceptions of and the effectiveness of the program.

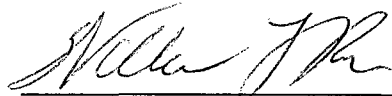
Attachments. Attachment 1 to this memorandum provides the updated method for determining relocation incentive amounts, the specific percentages for each incentive factor by site, and the total incentive amount for each site. Attachment 2 discusses a range of considerations that influenced the task group's deliberations.

RECOMMENDED FREQUENCY OF FUTURE REVIEWS

The working group recommended that OHR continue to adjust the relocation incentives for specific sites as appropriate. The task group recommended that a thorough review be performed every 5 years. This interval recognizes that the appropriate incentives for most sites will remain reasonably stable, approximates the frequency with which references relied upon to assess the geographic economic factor are published, and is appropriate in view of the intensive nature of complete reviews.

APPROVAL


RECOMMENDED


Chair, Federal Employees Pay
Comparability Review Panel

9/22/05

Date

APPROVED


Executive Director for Operations

9/23/05

Date

Attachments: As stated.

Nuclear Regulatory Commission

Resident Inspector Relocation Incentive Determination Guidelines

Updated July 2005

RESIDENT INSPECTOR RELOCATION INCENTIVE PROGRAM

July 2005

Background

Effective October 17, 1994, the Agency established new relocation incentive provisions for Resident and Senior Resident Inspectors assigned to reactor sites. Effective on October 31, 1995, Resident and Senior Resident Inspectors assigned to fuel cycle facilities were approved to be included as members of a resident inspector group subject to the same relocation incentive provisions. This transmittal establishes the factors to be considered for determining relocation incentive amounts for these groups. Two variable factors, recruitment difficulty and geographical location, are key to determining the amount of the incentive. These variable factors are expressed in percentages that are added to the minimum relocation incentive amount of 8% of basic pay to arrive at the total incentive amount.

Implementation

This document establishes incentive amounts for employees eligible for a relocation incentive in accordance with the Resident Inspector Relocation Incentive Program provisions. Incentive amounts will be published on vacancy announcements. Regional Administrators and Office Directors may authorize the payment of a relocation incentive specified in this guidance after verifying that the employee (1) meets the eligibility requirements, (2) signs a service obligation agreement, and (3) has established a residence at the new location. The Director, Office of Human Resources, is authorized to approve exceptions to this guidance on a case-by-case basis. The FEPCA panel will be notified in advance of any adjustments.

Appropriate revisions to this guidance will be issued by the Director, Office of Human Resources, for implementation. The incentive amounts published in this guidance will remain in effect until the Office of Human Resources publishes a revised transmittal modifying the amounts. Revisions or adjustments to incentive amounts for particular sites may be undertaken at any time by the Office of Human Resources based on changes in recruitment difficulty, revisions in locality pay, and changes in geographical cost data. The methodology and incentive amounts should be thoroughly reviewed every 5 years.

References

The following publications and documents were used to develop this program.

1. SECY-94-181, Implementation of Changes to the Resident Inspector Program, July 8, 1994.
2. NRC Announcement No. 125, "Changes for Reactor Program Resident Inspectors and Senior Resident Inspectors," November 4, 1994.
3. SECY-95-016, Implementation of Changes to RI Program, January 26, 1995.
4. SECY-95-096, Implementation of Changes to RI Program for NMSS Programs, April 14, 1995.
5. Resident Inspector Relocation Bonus Program, August 1996
6. SECY-98-281, Resident Inspector Compensation Policy, February 2, 1999
7. NRC Management Directive 10.44, "Relocation Bonus Program," revised June 12, 2002.
8. Cities Ranked and Rated, Wiley Publishing, Inc., 2004

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9. Memorandum approved by EDO, "Continuation of Blanket Relocation Bonus Authority for NRC Resident Inspectors," dated October 28, 2004
10. U.S. Office of Personnel Management Regulations, 5 CFR 575 Subpart B, "Relocation Incentives," dated May 13, 2005
11. NRC Yellow Announcement No. 036, "New Regulations pertaining to Recruitment, Relocation, and Retention Incentives," dated May 16, 2005

Calculation of Incentive

The calculation of a site's relocation incentive percentage incorporates the components of a minimum incentive, a recruitment difficulty factor, and a geographic economic factor. Any amount in addition to the minimum incentive is determined by assigning percentages for (1) relative recruitment difficulty and (2) geographic economic factors. Final incentive amounts reflect the sum of the minimum incentive and the percentages assigned for these two factors up to a maximum of 25% of basic pay. Final incentive amounts for each site are listed in Exhibit 1 with component determinations described below.

1. Minimum Incentive

Relocation incentives have been established to help alleviate the disincentives associated with mandatory moves for Resident Inspectors and Senior Resident Inspectors and improve NRC's ability to attract, retain and encourage the mobility of suitable candidates throughout the Resident Inspector program. Resident jobs are unique within NRC in that they involve a fixed 'clock' that necessitates geographic relocation. The relocation incentives comprise an essential part of the compensation and incentive package that helps NRC recruit and retain highly talented individuals in these key positions.

The minimum incentive constitutes 8% of basic pay (the annual pay rate including any special salary rate and locality pay) for the position to which the employee is being assigned.

2. Incentive Factors

2.1 Recruitment Difficulty Factor

This factor reflects the difficulty in recruiting suitable candidates for each RI site. As in the previous algorithm, sites were assigned to one of 3 categories: those for which it is expected to be (1) less difficult in comparison to other sites to attract suitable candidates, (2) difficult to attract suitable candidates absent this incentive (that is, the number of suitable candidates is likely to be few), and (3) particularly difficult to fill positions absent this incentive; for example, several postings may be necessary to attract a suitable candidate. The categories represent the relative difficulty in recruiting in the absence of relocation incentives. Categorization was based on experience prior to the use of relocation incentives and informed by continuing experience and knowledge of the relative willingness of candidates to relocate to different sites. Information considered in assessing this factor included information collected about postings for resident sites and numbers of candidates referred on the Best Qualified List. The data was considered in the context that the relocation incentives along with other tools for recruitment and retention are generally working. The extent to which vacancies received adequate numbers of candidates and did not need to be posted repeatedly was viewed as an indicator that relocation incentives (in combination with other tools) were working successfully. For this factor, the evaluation relied heavily on experience, staff feedback, and judgment in addition to

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the data collected. Some of these considerations included remoteness of the site, perceived workload, advancement potential, and licensee responsiveness.

Each site was assigned to one of the following categories:

0% represents sites or positions for which it is expected to be less difficult in comparison to other sites to attract suitable candidates to fill the position.

5% represents sites or positions for which it is expected to be difficult to attract suitable candidates absent this incentive. That is, the number of suitable candidates is likely to be few.

10% represents sites or positions for which it is expected to be particularly difficult to fill positions absent this incentive. For example, several announcements or postings may be necessary to attract a suitable candidate.

The percentages of bonus assigned for each site for recruitment difficulty are as follows:

- 0% - All Region or Headquarters assignments, Braidwood, Browns Ferry, Byron, Calvert Cliffs, Catawba, Comanche Peak, Crystal River, Dresden, Hope Creek, La Salle, Limerick, McGuire, North Anna, Peach Bottom, St. Lucie, Salem, Sequoyah, Susquehanna, Three Mile Island, Technical Training Center (TTC), Vogtle, Yucca Mountain.
- 5% - Arkansas, Beaver Valley, Brunswick, Clinton, D.C. Cook, Duane Arnold, Kewaunee, Millstone, Oconee, Oyster Creek, Palisades, Palo Verde, Point Beach, Quad Cities, Robinson, Seabrook, Shearon Harris, South Texas, Summer, Surry, Turkey Point, Vermont Yankee, Waterford, Watts Bar.
- 10% - B&W-Lynchburg, Callaway, Columbia, Cooper, Davis-Besse, Diablo Canyon, Farley, Fermi, Fitzpatrick, Fort Calhoun, Ginna, Grand Gulf, Hatch, Indian Point 2 & 3, Monticello, Nine Mile Point, NFS-Erwin, Perry, Pilgrim, Prairie Island, River Bend, San Onofre, USEC-Paducah, Wolf Creek.

2.2 Geographic Economic Factor

This factor reflects a rating for sites based on cost of living data published in the 2004 Cities Ranked and Rated for metropolitan cost areas that best represent each site. Cost of living data is based on indexes of housing, taxes, food, utilities, transportation, health care and other miscellaneous costs for necessities. A percentage of relocation incentive ranging from 0 to 10% is assigned to each site based on this factor.

This factor is a rating based on assessment of economic disparity between areas and how it impacts the employee. It is intended to determine a cost of living change on a macro scale by ranking the sites into eleven equal rankings according to relative cost areas. This factor assigns a portion of incentive based on differences in costs of housing, taxes, food, utilities, transportation, health care and other miscellaneous necessities without the need to compare by dollar to dollar changes. The differences in cost of living are expressed in comparison to a national average of 100. The method ranks sites into appropriate groupings and assigns a percentage of relocation incentive accordingly. The percentage of relocation incentive assigned for the lowest area is set at 0%; it is set at 10% for the highest area.

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All sites are assigned to one of the metropolitan cost areas listed in Cities Ranked and Rated. The overall objective is to choose a cost area which is reasonable to use. Sites within a cost area receive that cost area. Sites near or adjacent to a cost area usually receive that area. When resident inspectors have typically resided in a particular cost area, that area is selected when choosing between possible cost areas. Otherwise, preference is given to cost areas within the same state in which the site is located or a cost area that includes multistate locations in the index. Sites with multiple choices for cost areas are assigned the cost area with the higher index in the absence of other considerations.

Plants are then grouped by using the overall cost of living index from Cities Ranked and Rated. The overall index shown uses 100 as a national cost of living average. The point range spanned by the sites is divided into 11 equal groupings. The plants are assigned rankings of 0 to 10 depending on the grouping into which they fall with the minimum rank corresponding to a 0% incentive and the highest rank (10) corresponding to a 10% incentive under the geographic economic factor. Exhibit 2 reflects the assignment of sites to cost areas, groupings, and incentive percentages.

The percentages of incentive assigned for each site for geographic economic factors are as follows:

- 0% Arkansas, B&W-Lynchburg, Callaway, Comanche Peak, Crystal River, DC Cook, Farley, Grand Gulf, NFS-Erwin, Palisades, Region IV, Robinson, Sequoyah, Susquehanna, TTC, USEC-Paducah, Vogtle, Watts Bar, Wolf Creek.
- 1% Beaver Valley, Brown's Ferry, Byron, Cooper, Davis-Besse, Duane Arnold, Fitzpatrick, Fort Calhoun, Ginna, Hatch, Kewaunee, Oconee, Peach Bottom, Point Beach, Quad Cities, South Texas, Summer, Three Mile Island, Waterford.
- 2% Brunswick, Catawba, Clinton, Columbia, Fermi, McGuire, Palo Verde, Perry, Region II, River Bend, St. Lucie, Surry.
- 3% Hope Creek/Salem, Limerick, North Anna, Region I, Shearon Harris, Turkey Point, Vermont Yankee, Yucca Mountain.
- 4% Millstone, Monticello, Prairie Island.
- 5% Braidwood, Dresden, La Salle, Region III.
- 6% Calvert Cliffs, Headquarters, Seabrook.
- 7% Oyster Creek.
- 9% Diablo Canyon.
- 10% Indian Point 2 & 3, Pilgrim, San Onofre

Exhibit 1

June 27, 2005

Alphabetical Listing of Relocation Incentives¹

<u>Site</u>	<u>Final %</u>	<u>Site</u>	<u>Final %</u>
Arkansas	13	Palisades	13
Beaver Valley	14	Palo Verde	15
Braidwood	13	Peach Bottom	9
Browns Ferry	9	Perry	20
Brunswick	15	Pilgrim	25
B&W-Lynchburg	18	Point Beach	14
Byron	9	Prairie Island	22
Callaway	18	Quad Cities	14
Calvert Cliffs	14	Region I	11
Catawba	10	Region II	10
Clinton	15	Region III	13
Columbia (WNP-2)	20	Region IV	8
Comanche Peak	8	River Bend	20
Cooper	19	Robinson	13
Crystal River	8	St. Lucie	10
D.C. Cook	13	Salem	11
Davis-Besse	19	San Onofre	25
Diablo Canyon	25	Seabrook	19
Dresden	13	Sequoyah	8
Duane Arnold	14	Shearon Harris	16
Farley	18	South Texas	14
Fermi	20	Summer	14
Fitzpatrick	19	Surry	15
Fort Calhoun	19	Susquehanna	8
Ginna	19	Three Mile Island	9
Grand Gulf	18	TTC	8
Hatch	19	Turkey Point	16
Headquarters	14	USEC-Paducah	18
Hope Creek	11	Vermont Yankee	16
Indian Point 2&3	25	Vogtle	8
Kewaunee	14	Waterford	14
La Salle	13	Watts Bar	13
Limerick	11	Wolf Creek	18
McGuire	10	Yucca Mountain	11
Millstone	17		
Monticello	22		
NFS-Erwin	18		
Nine Mile Point	19		
North Anna	11		
Oconee	14		
Oyster Creek	20		

¹Incentives are calculated as a percentage of the employee's rate of basic pay, **including** locality pay and special pay adjustments for resident inspectors.

Relocation incentive for fuel cycle resident inspector group approved effective 10/31/95; reactor resident inspector group approved effective 10/17/94.

Exhibit 2
2005 Resident Inspector Relocation Incentive Listing - Alphabetical within Regions

Site	Region	Duty Station	Locality Area 2005	Local % 2005	Cost Area (MSA)	COL Index	Group	Geo-Econ %	Recruit Diff %	Unadj Total %	Incentive Total %
Headquarters		Rockville, Maryland	DC	15.98	Washington, DC	125.4	6	6	0	6	14
TTC		Chattanooga, TN	Rest of US	11.72	Chattanooga	82.1	0	0	0	0	8
Region I	I	King of Prussia, PA	Philadelphia	16.67	Philadelphia	105.2	3	3	0	3	11
Beaver Valley	I	Shippingport, PA	Pittsburgh	12.86	Pittsburg	90	1	1	5	6	14
Calvert Cliffs	I	Lusby, MD	DC	15.98	Washington, DC	125.4	6	6	0	6	14
Fitzpatrick/Nine Mile Point	I	Scriba Center, NY	Rest of US	11.72	Syracuse	88.4	1	1	10	11	19
Ginna	I	Ontario, NY	Rest of US	11.72	Rochester	90.5	1	1	10	11	19
Hope Creek/ Salem	I	Hancocks Bridge, NJ	Philadelphia	16.67	Philadelphia	105.2	3	3	0	3	11
Indian Point	I	Buchanan, NY	New York	20.99	New York	161	10	10	10	20	25
Limerick	I	Limerick, PA	Philadelphia	16.67	Philadelphia	105.2	3	3	0	3	11
Millstone	I	Waterford, CT	Hartford	19.52	New London-Norwich	114.9	4	4	5	9	17
Oyster Creek	I	Forked River, NJ	New York	20.99	Monmouth-Ocean	137.4	7	7	5	12	20
Peach Bottom	I	Delta, PA	DC	15.98	York	91.3	1	1	0	1	9
Pilgrim	I	Plymouth, MA	Boston	18.49	Boston	162.9	10	10	10	20	25
Seabrook	I	Seabrook, NH	Boston	18.49	Portsmouth-Rochester	127.5	6	6	5	11	19
Susquehanna	I	Berwick, PA	Rest of US	11.72	Scranton-Wilkes Barr-Hazleton	86.4	0	0	0	0	8
Three Mile Island	I	Middletown, PA	Rest of US	11.72	Harrisburg-Lebanon-Carlisle	91.1	1	1	0	1	9
Vermont Yankee	I	Vernon, VT	Rest of US	11.72	Burlington	109.2	3	3	5	8	16
Region II	II	Atlanta, GA	Atlanta	13.87	Atlanta	96.8	2	2	0	2	10
B&W Lynchburg	II	Lynchburg, VA	Rest of US	11.72	Lynchburg	85.3	0	0	10	10	18
Browns Ferry	II	Athens, AL	Huntsville	12.42	Huntsville	87.1	1	1	0	1	9
Brunswick	II	Southport, NC	Rest of US	11.72	Wilmington	97.6	2	2	5	7	15
Catawba	II	York, SC	Rest of US	11.72	Charlotte-Gastonia-Rock Hill	95.7	2	2	0	2	10
Crystal River	II	Crystal River, FL	Rest of US	11.72	Ocala	86.1	0	0	0	0	8
Farley	II	Dothan, AL	Rest of US	11.72	Dothan	80.6	0	0	10	10	18
Harris	II	New Hill, NC	Rest of US	11.72	Raleigh-Durham-Chapel Hill	103.6	3	3	5	8	16
Hatch	II	Baxley, GA	Rest of US	11.72	Savannah	91	1	1	10	11	19
McGuire	II	Cornelius, NC	Rest of US	11.72	Charlotte-Gastonia-Rock Hill	95.7	2	2	0	2	10
NFS	II	Erwin, TN	Rest of US	11.72	Johnson City-Kingsport-Bristol	79.9	0	0	10	10	18
North Anna	II	Mineral, VA	Richmond	13.15	Charlottesville	106.5	3	3	0	3	11
Oconee	II	Seneca, SC	Rest of US	11.72	Greenville-Spartanburg-Anderson	87	1	1	5	6	14
Robinson	II	Hartsville, SC	Rest of US	11.72	Florence	79.1	0	0	5	5	13
Saint Lucie	II	Ft Pierce, FL	Rest of US	11.72	Ft. Pierce-Port St. Lucie	96.9	2	2	0	2	10
Sequoyah	II	Hixson, TN	Rest of US	11.72	Chattanooga	82.1	0	0	0	0	8

Site	Region	Duty Station	Locality Area 2005	Local % 2005	Cost Area (MSA)	COL Index	Group	Geo-Econ %	Recruit Diff %	Unadj Total %	Incentive Total %
Summer	II	Irmo, SC	Rest of US	11.72	Columbia	89.5	1	1	5	6	14
Surry	II	Surry, VA	Rest of US	11.72	Norfolk-VA Beach-Newport News	95	2	2	5	7	15
Turkey Point	II	Miami, FL	Miami	16.77	Miami	108.8	3	3	5	8	16
USEC Paducah	II	Paducah, KY	Rest of US	11.72	Owensboro	81.4	0	0	10	10	18
Vogtle	II	Waynesboro, GA	Rest of US	11.72	Augusta-Aiken, GA-SC	84.7	0	0	0	0	8
Watts Bar	II	Spring City, TN	Rest of US	11.72	Chattanooga	82.1	0	0	5	5	13
Region III	III	Lisle, IL	Chicago	19.7	Chicago	119.8	5	5	0	5	13
Braidwood	III	Braidwood, IL	Chicago	19.7	Chicago	119.8	5	5	0	5	13
Byron	III	Byron, IL	Rest of US	11.72	Rockford	91.4	1	1	0	1	9
Clinton	III	Clinton, IL	Rest of US	11.72	Bloomington-Normal	94.4	2	2	5	7	15
Davis Besse	III	Oak Harbor, OH	Rest of US	11.72	Toledo	91	1	1	10	11	19
DC Cook	III	Bridgman, MI	Rest of US	11.72	Benton Harbor	84.9	0	0	5	5	13
Dresden	III	Morris, IL	Chicago	19.7	Chicago	119.8	5	5	0	5	13
Duane Arnold	III	Palo, IA	Rest of US	11.72	Cedar Rapids	91.6	1	1	5	6	14
Fermi	III	Newport, MI	Detroit	19.67	Detroit	101.5	2	2	10	12	20
Kewaunee	III	Kewaunee, WI	Rest of US	11.72	Green Bay	93.7	1	1	5	6	14
La Salle	III	Seneca, IL	Rest of US	11.72	Chicago	119.8	5	5	0	5	13
Monticello	III	Monticello, MN	Minn/St Paul	15.99	Minneapolis-St. Paul	114.7	4	4	10	14	22
Palisades	III	South Haven, MI	Rest of US	11.72	Benton Harbor	84.9	0	0	5	5	13
Perry	III	Perry, Ohio	Cleveland	14.24	Cleveland-Lorain-Elyria	99.6	2	2	10	12	20
Point Beach	III	Two Rivers, WI	Rest of US	11.72	Green Bay	93.7	1	1	5	6	14
Prairie Island	III	Red Wing, MN	Minn/St Paul	15.99	Minneapolis-St. Paul	114.7	4	4	10	14	22
Quad Cities	III	Cordova, IL	Rest of US	11.72	Davenport-Moline-Rock Island	87.5	1	1	5	6	14
Region IV	IV	Arlington, TX	Dallas	15.07	Fort Worth-Arlington	85.9	0	0	0	0	8
Arkansas	IV	Russellville, AR	Rest of US	11.72	Little Rock	83.4	0	0	5	5	13
Callaway	IV	Jefferson City, MO	Rest of US	11.72	Jefferson City	85.4	0	0	10	10	18
Columbia	IV	Richland, WA	Rest of US	11.72	Richland-Kennewick-Pasco	96.2	2	2	10	12	20
Comanche Peak	IV	Glen Rose, TX	Dallas	15.07	Fort Worth-Arlington	85.9	0	0	0	0	8
Cooper	IV	Brownville, NE	Rest of US	11.72	Lincoln	93.9	1	1	10	11	19
Diablo Canyon	IV	San Luis Obispo, CA	Rest of US	11.72	San Luis Obispo	155.1	9	9	10	19	25
Fort Calhoun	IV	Fort Calhoun, NE	Rest of US	11.72	Omaha	92.2	1	1	10	11	19
Grand Gulf	IV	Vicksburg, MS	Rest of US	11.72	Jackson	79.1	0	0	10	10	18
Palo Verde	IV	Palo Verde, AZ	Rest of US	11.72	Phoenix-Mesa	98.7	2	2	5	7	15
River Bend	IV	St Francisville, LA	Rest of US	11.72	Baton Rouge	95	2	2	10	12	20
San Onofre	IV	San Diego, CA	San Diego	17.68	San Diego	157.7	10	10	10	20	25
South Texas	IV	Bay City, TX	Houston	24.77	Houston	91.8	1	1	5	6	14
Waterford	IV	Taft, LA	Rest of US	11.72	New Orleans	94	1	1	5	6	14

Site	Region	Duty Station	Locality Area 2005	Local % 2005	Cost Area (MSA)	COL Index	Group	Geo-Econ %	Recruit Diff %	Unadj Total %	Incentive Total %
Wolf Creek	IV	Burlington, KS	Rest of US	11.72	Wichita	85.8	0	0	10	10	18
Yucca Mountain	IV	Las Vegas, NV	Rest of US	11.72	Las Vegas	103.1	3	3	0	3	11

Issues Influencing Resident Inspector Program Relocation Incentive Review

The task group considered developments since the last review and assessed implications that might affect the method for determining Resident Inspector relocation incentives including the following.

- 1) **Locality pay.** When the prior algorithm was developed, resident inspectors received only the difference in locality pay, if any, between the Rest of U.S. (RUS) locality and the locality area in which the site was located. All RI positions now receive full locality pay, including the locality pay for RUS if they are not in a specific locality area. Consistent with SECY-98-281, the task group concluded that provision of full locality pay did not obviate the need for and should not directly affect the amounts of relocation incentives.
- 2) **Locality areas.** Some RI sites that used to be part of the RUS locality area have been incorporated into other (higher paying) locality areas as a result of revisions in the governmentwide definitions of locality pay areas. Such changes in compensation were considered to the extent that they affected or reduced the relative recruiting difficulty for sites.
- 3) **Change in availability of reference material.** Places Rated Almanac, the reference previously used in determining the geographic economic factor value for each site was published about every 4 years; however, the most recent edition was the millennial edition of 2000. The task group relied instead on cost of living indexes in Cities Ranked and Rated. Like Places Rated Almanac, Cities Ranked and Rated contains cost of living indexes based on a spectrum of factors for over 300 metropolitan areas, and it was published in 2004.
- 4) **Changes in governmentwide regulations.** On May 13, 2005, the U.S. Office of Personnel Management published regulations implementing provisions of the Federal Workforce Flexibility Act of 2004 related to relocation incentives. NRC generally complies with competitive service rules on such matters.

Among other changes, the new regulations provided that relocation incentives calculated as a percentage of pay should be calculated based on pay including any special rate or locality pay. Previous RI relocation incentives were calculated as a percentage of base General Grade Schedule pay excluding special pay and locality rates applicable to RI positions. Defining appropriate relocation incentive percentages in terms of pay including RI special rates and locality pay resulted in the most significant adjustment that the task group made to the algorithm for determining incentive amounts.

In adjusting the algorithm to a percentage of special rate and locality pay, the task group strove to balance the need to ensure that relocation incentives continue to function (and be perceived) as an incentive, with the agency's interest in avoiding unnecessary cost increases. Calculating incentives based on special rates and locality pay naturally increases the dollar amount corresponding to a percentage of pay. The increase is greater for:

- a larger incentive (that is, for a 20% as compared to a 10% incentive).

- areas that receive higher locality rates.
- at the GG-11 and 12 grade levels as compared to the GG-13 and 14 grade levels. The GG-11 and 12 special pay rates for RI positions may be as much as 20% higher than GG base rates, while the GG-13 and 14 special rates for RI positions are about 9% higher than GG base rates.

Because of these variables, there was no simple adjustment to the formula that precisely addressed both the need to avoid decreasing the incentives and the interest in maintaining relative cost neutrality. The group recommends adjusting the formula by reducing the minimum relocation incentive by 2%. This adjustment will result in small decreases in the incentive amounts for about 7 sites at the GG-13 and 14 levels but will maintain or increase the incentive amounts for all other sites. Under the circumstances, the task group believes that this solution represents the best balance of simplicity, cost control, and ensuring the continued success of the program.

- 5) **Flexibility to offer higher incentives.** The Federal Workforce Flexibility Act and implementing regulations provide agencies with flexibility to offer relocation incentives greater than 25% of an employee's pay. The task group recommended keeping the cap at 25%. Since this will now be 25% of full pay, the highest incentives will effectively be increased. Under both the old and new formula, the factors at the highest few sites add up to more than 25%. As a result, the size of incentives for the highest few sites did not fully reflect the recruiting difficulty and geographic economic considerations. Allowing them to rise to 25% of pay (including special and locality rates) will help ensure appropriate alignment of the incentives relative to those for other sites.

Although the task group did not believe that it needed to recommend relocation incentives higher than 25% under the "blanket" relocation incentive program, a Region may request an exception (that is, a higher incentive than the algorithm produces, or an incentive greater than 25% of pay) on a case-by-case basis by requesting the incentive under normal agency procedures rather than under the blanket resident inspector relocation incentive policy. This might be appropriate, for example, if repeated postings have failed to draw suitable candidates for a specific vacancy.

- 6) **Changes in amount of incentives.** The review of recruitment difficulty resulted in the assignment of 4 sites to higher recruitment difficulty categories than before and assignment of 4 sites to lower recruitment difficulty categories than before. The review of geographic economic factors resulted in assignment of a few sites to different metropolitan cost areas than before. These changes were generally based on proximity and experience with where the RI staff typically reside. The review resulted in adjustments (often of only 1 or 2%, sometimes more) to the geographic economic percentage assigned for around two-thirds of the sites. Overall, there was a very small net increase in the percentages assigned based on the geographic economic factor.
- 7) **Cost Implications.** Review of the recruitment difficulty and geographic economic factors resulted in almost no changes in cost implications for the RI relocation incentive program. However, changes to base the incentives on full pay (including special rates and locality) are expected to increase costs of the program by about \$50,000 per year.

Precise estimates are not possible since costs vary depending on the number, grade levels, and locations of specific vacancies as well as whether the selectee actually

needs to relocate to accept the position. OHR provided data on the numbers and grade levels of RI employees who received relocation incentives over the past 4 years. The data confirmed that staff at the full performance level (GG-13 or 14) received the great majority of incentives. The data indicated that there have been approximately 40 moves per year with the number decreasing over the past 18 months.

The projected total increase of \$50,000 per year constitutes less than the usual moving expenses for one employee. The task group concluded that this increase is appropriate in order to preserve positive perceptions of and the effectiveness of the program.