



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240



OCT 31 2005

Memorandum

To: Solicitor
Inspector General
Assistant Secretaries
Heads of Bureaus and Equivalent Offices
Bureau/Equivalent Office Human Resources Officers

From: Scott J. Cameron *Scott J. Cameron*
Deputy Assistant Secretary for Performance, Accountability and
Human Resources and Chief Human Capital Officer

Subject: Departmental Policy on Recruitment, Relocation and Retention Incentives

The Office of the Deputy Assistant Secretary of the Interior for Performance, Accountability and Human Resources is issuing a new Personnel Bulletin to all Department Offices establishing policy on Recruitment, Relocation and Retention Incentives. This new guidance provides for systematic practices and procedures across the entire Department. The new guidance is intended to clarify program changes implemented by the U. S. Office of Personnel Management for Section 101 of the Federal Workforce Flexibility Act of 2004 (Public Law 108-411) dated October 30, 2004.

The attached Personnel Bulletin offers bureaus and equivalent organizations an important human resource flexibility to help recruit and retain highly qualified personnel. This provision of the Federal Workforce Flexibility Act of 2004 provides the Department with the authority to offer generous incentives to recruit and retain a highly qualified workforce.

This guidance supersedes Personnel Bulletin No. 01-02 (575), dated April 12, 2001. All Department of the Interior Human Resource Office's will now use this guidance when determining eligibility for and the amount of an incentive which can be offered to an employee. If you have any questions please contact Michael Ballew on (202) 208-7765 or Michael_Ballew@ios.doi.gov.

Attachment



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OCT 31 2005

PERSONNEL BULLETIN NO. 06-01

SUBJECT: Departmental Policy on Recruitment, Relocation, and Retention Incentives.

1. This bulletin establishes the Department of the Interior's (DOI) policy on the use of recruitment, relocation, and retention incentives. It supersedes previous guidance issued under Personnel Management Bulletin No. 01-02 (575), dated April 13, 2001.
2. **Authorities:** Section 101 of the Federal Workforce Flexibility Act of 2004 (Public Law 108-411, October 30, 2004); Title 5, United States Code (U. S. C.) Sections 5753 and 5754; and Title 5, Code of Federal Regulations (CFR) Part 575.
3. **Policy:** The Department of the Interior hereby establishes a policy for the payment of recruitment, relocation, and retention incentives in accordance with the regulations issued by the Office of Personnel Management (OPM) in 5 CFR Parts 530 and 575. Heads of bureaus and equivalent organizations will be responsible for administering this policy.

a. Covered Employees.

Under 5 U. S. C. 5753(a)(1) and 5754(a)(1), the new recruitment, relocation, and retention incentive authorities may be applied to employees covered under the General Schedule (GS) pay system or to employees in a category approved by OPM for coverage at the request of the head of an Executive Agency. Employees in the following categories of positions are eligible for incentives:

- (1) A GS position paid under 5 U. S. C. 5332 or 5305 (or similar special rate authority);
- (2) A senior-level (SL) or scientific or professional (ST) position paid under 5 U. S. C. 5376;
- (3) A Senior Executive Service (SES) position paid under 5 U. S. C. 5383;
- (4) A position as a law enforcement officer, as defined in 5CFR 550.103;
- (5) A position under the Executive Schedule paid under 5 U. S. C. 5311-5317 or a position the rate of pay for which is fixed by law at a rate equal to a rate for the Executive

Schedule; and

- (6) A prevailing rate position, as defined in 5 U. S. C. 5342(a)(3)

b. Employees Not Covered.

Sections 5753(a) (2) and 5754(a) (2) of Title 5, United States Code, prohibits the payment of incentives to employees in:

- (1) A position to which an individual is appointed by the President, by and with the advice and consent of the Senate;

- (2) A position in the SES as a non-career appointee (as defined in 5 U. S. C. 3132(a)(7));

- (3) A position excepted from the competitive service by reason of its confidential, policy-determining, policy-making, or policy-advocating character; and

- (4) A position to which an individual is appointed by the President without the advice and consent of the Senate.

c. Approving Officials.

The official recommending the incentive must be at least one level higher than the supervisor of the employee receiving the incentive payment. The heads of bureaus, equivalent offices or their designee are granted authority to approve the incentive. This authority may be further delegated at the discretion of the head of the bureau or equivalent office to the servicing Human Resources Office. If there is no official at a higher grade level in the bureau or equivalent office, the request will be forwarded to the Assistant Secretary Policy, Management and Budget for approval. The servicing Human Resources Office will determine whether an employee meets the statutory requirements for receiving an incentive; establish the criteria for determining the amount of an incentive payment, method of payment, and the length of a required service agreement period; and establish the criteria for terminating a service agreement and any obligations of the agency and employee when a service agreement is terminated. The following definitions are established for approving officials:

- (1) The Executive Resources Board (ERB) approves recruitment, relocation, and retention incentives for all employees occupying positions in the SES, SL, and ST categories. Requests for payment of an incentive for employees at this level must be submitted to the Chair of the ERB through the appropriate Assistant Secretary or equivalent official.

- (2) Decisions to approve or disapprove payment of an incentive for employees in

the Immediate Office of the Secretary will be made by the Assistant Secretary - Policy, Management and Budget. Requests must be submitted through the appropriate assistant secretary or equivalent official to the Assistant Secretary - PMB.

d. **Criteria for Payment.** The following criteria must be met or considered in authorizing these payments.

(1) **Recruitment, Relocation Incentives - Individual and Group.** All eligible employees for an incentive must maintain during the period of the service agreement a performance rating of at least "Fully Successful". All employees who are eligible for a relocation incentive must currently have a performance rating of at least "Fully Successful" in order to qualify. Each incentive payment will be based on a written determination that, in the absence of an incentive, the bureau or equivalent organization would encounter difficulty in filling the position with a high quality candidate. In determining whether a recruitment or relocation incentive should be paid and in determining the amount of such a payment, including group incentives, the determination must be documented in writing for approval. The written document must contain reason for granting the incentive, the amount and timing of the incentive payment and the length of the required service period. The following factors must be considered by the approving official before the incentive is awarded:

- (a) The success of recent efforts to recruit high quality candidates for similar positions;
- (b) Recent turnover in similar positions;
- (c) Labor market factors that may affect the ability of the bureau or organization to recruit high quality candidates for similar positions now or in the future;
- (d) Special qualifications needed for the position; and
- (e) In the case of recruitment incentives, the practicality of using the superior qualifications appointment authority alone or in combination with an incentive.

(2) **Retention Incentive - Individual and Group.** Each retention incentive payment will be based on a written determination that the unusually high or unique qualifications of the employee or a special need of the bureau or equivalent organization for the employee's services makes it essential to retain the employee and that, in the absence of such an incentive, the employee would be likely to leave Federal service. This determination will be based on a written description of the extent to which the employee's departure would affect the bureau's or organization's ability to carry out an activity or perform a function essential to its mission. For group retention incentives the same written determination must be made. The targeted group will be narrowly defined using factors such as occupational series, grade level, distinctive job duties,

unique qualifications, assignment to a special project, organization or team designation, geographic location and performance level. Performance level may not be the sole or primary basis for authorizing a group retention allowance. In determining whether a retention incentive (including the group retention incentive) should be paid and the amount of such payment, the following factors should be considered:

(a) The success of recent efforts to recruit candidates and retain employees with qualifications similar to those of the employee for positions similar to the employee's position; and

(b) The availability in the labor market of candidates for employment who could, after a reasonable orientation period, perform the full range of duties and responsibilities assigned to the position held by the employee.

e. Payment of Incentives - Individual and Group.

The Department will use the employee's special rate or locality rate of pay, as applicable, to compute recruitment, relocation, and retention incentive payouts. The rate of basic pay excludes additional pay of any other kind, including night-shift differentials under 5 U. S. C. 5343(f) or environmental differentials under 5 U. S. C. 5343(c)(4) for Federal Wage System employees. Incentive payments are not considered part of basic pay for any purpose. Incentives are subject to the aggregate limitation on pay under 5 U. S. C. 5307 and 5 CFR part 530, subpart B.

(1) Under 575.109(b) and 575.209(b)(1) the total amount of recruitment, retention, and relocation incentive payments received by an employee in a service period may not exceed 25 percent of an employee's annual rate of basic pay, including any special rate or locality payment, multiplied by the number of years, or fractions of a year, in a service period. This will allow a bureau or equivalent organization to pay a recruitment incentive of as much as 100 percent of an individual employee's annual rate of basic pay in effect at the beginning of the service period if the employee signs a four year service agreement.

OPM may waive the 25 percent limitation based on a critical need by the bureau or equivalent organization. Under such a waiver, the total amount of the incentive payment received by an employee in a service period may not exceed 50 percent of the employee's annual rate of basic pay, including any special rate of locality payment at the beginning of the service period multiplied by the number of years, including fractions of a year in the service period. In no event may a waiver provide total payments exceeding 100 percent of the employee's annual rate of basic pay at the beginning of the service period. The bureau or equivalent organization will send a written request for the waiver to PMB – Office of Human Resources for approval. The request will contain all of the documentation required for approving the incentive payment plus the justification for the increase up to the 50 percent level. PMB – Office of Human Resources will refer the request to OPM for approval.

(2) The payments may be made as:

a. **Recruitment and Relocation Incentive.**

- An initial lump-sum payment at the commencement of the service period;
- Installments throughout the service period required by the service agreement;
- Final lump-sum payment upon completion of the full service period; or
- Combination of the payment methods listed above.

b. **Retention Incentive.**

- Installments after the completion of specified periods of service;
- A single lump-sum payment after completion of the full service period. (A bureau or equivalent organization may not pay a retention incentive as an initial lump-sum payment at the start of a service period or in advance of fulfilling the service period for which the retention incentive is being paid.); or
- Biweekly installments when no service agreement is required.

f. **Requirement for Service Agreements.**

Before paying a recruitment, relocation or retention incentive, the bureau or equivalent organization must require that the employee sign a written service agreement to complete a specified period of employment with the bureau or equivalent organization. A service agreement is not required when a bureau or equivalent organization pays an employee a retention incentive in biweekly installments of equal amounts.

a. A service agreement for recruitment, relocation and retention incentives must contain:

- Specific time for the service period;
- Amount of the incentive payment;

- Method and timing of incentive payments, e.g., lump-sum, or installments;
- Conditions under which an agreement may be terminated by the bureau or equivalent organization plus any obligations on the part of the bureau or equivalent organization or employee for refund of all or part of the incentive payment; and
- Any other terms and conditions for receiving and retaining incentive payments.

b. Termination of Service Agreement – An authorized bureau or equivalent organization official may unilaterally terminate a recruitment, relocation, or retention incentive service agreement based on the management needs of the office. An authorized bureau or organization official must terminate a service agreement if an employee is demoted or separated for cause, i.e., performance or conduct; if the employee receives a rating of record lower than “Fully Successful” or equivalent during the period of the service agreement; or if the employee otherwise fails to fulfill the terms of the service agreement. The authorized bureau or organization official terminating the incentives does not have to be the “Approving Official” designated in 3 (c) above. The official terminating the incentive must be in the approved managerial hierarchy of the Department, bureau or equivalent organization.

If the bureau or equivalent organization terminates a service agreement based on management needs, the bureau or equivalent organization must pay any recruitment, relocation, or retention incentive payments attributable to completed service. If a service agreement is terminated because of the employee’s unacceptable performance or conduct; the employee receives a rating of record of lower than “Fully Successful” or equivalent or the employee fails to fulfill the terms of the service agreement, the employee will retain any incentive payment that is attributable to completed service only if approved by the bureau or equivalent organization under the terms of the service agreement; and must reimburse the Federal Government for any incentive payment received that are attributable to uncompleted service.

If a bureau or equivalent organization authorizes biweekly payments of a retention incentive without a service agreement, the bureau or equivalent organization must review decision to pay the incentive on an annual basis to determine if the incentive is still warranted and certify this decision in writing. The bureau or equivalent organization must reduce or terminate a retention incentive whenever

payment at the original level is no longer warranted. The retention incentive must be terminated if the employee is demoted, receives a rating of record lower than Fully Successful, or if the bureau or equivalent organization reassigns the employee to a different position which does not warrant a retention incentive.

g. Reporting Requirements.

The Department's Human Capital Management Plan has a focus area dedicated to "enhancing a quality workplace and competitive benefits." Use of incentives is a positive indicator of program performance in that area. Bureaus and equivalent organizations should encourage incentive usage in their HR processes. Further, each designated approving official is responsible for ensuring that the basis for any incentive payment is documented in accordance with the appropriate statute and regulation. Each bureau or equivalent organization is responsible for establishing and maintaining files containing the justification and service agreement for each issuance of an incentive payment. Documentation shall be available for review and analysis upon request by the Department or OPM. In addition, OPM will be requiring a report to be submitted by the Department in the first quarter of the calendar year. Specific requirements for this report will be submitted to the bureaus and equivalent organizations by the Department when they become available from OPM.

Each bureau or equivalent organization is required to maintain records on each employee receiving an incentive payment reflecting the following information:

- (1) The number of recruitment, relocation and retention incentives offered and the number accepted (individual and group);
- (2) The percentage of salary offered and accepted in each individual case; and
- (3) A summary statement assessing the effect of the incentive authority on the ability to fill positions with qualified candidates in a timely manner or in the case of retention allowance, to retain the services of employees.

h. Program Oversight and Evaluation. Bureaus and equivalent organizations will include review of use of these authorities in their internal personnel management evaluation programs. This review shall be accomplished at least annually and the results made available upon request.

4. The Department point of contact on this policy is Michael Ballew, (202) 208-7765, or Michael_Ballew@ios.doi.gov.

A handwritten signature in black ink, appearing to read "Marilia A. Matos". The signature is fluid and cursive, with a large initial "M" and a long horizontal stroke at the end.

Marilia A. Matos
Director, Office of Human Resources