

Human Resources Manual
Instruction 575-1: Recruitment, Relocation and Retention Incentives
HHS Transmittal: December 15, 2008

Material Transmitted:

Department of Health and Human Services (HHS) Instruction 575-1, Change 1, Recruitment, Relocation and Retention Incentives, dated December 15, 2008.

Material Superseded:

This is a change to a current Instruction. Material superseded can be found in Section 575-1-70.

Background:

The current instruction for administration of Recruitment, Relocation and Retention Incentives, HHS Instruction 575-1, was issued on March 28, 2008. A revision to these regulations was issued on January 1, 2008 which expanded the scope of this regulation to include use of retention incentives for a current Federal employee to retain him/her in their current position during a period of time before the closure or relocation of the employee's office, facility, activity or organization and the employee would be likely to leave for a different position in the Federal service in the absence of the retention incentive.

In addition, this change to the current policy revises the reporting requirements in Section 575-1-70 from quarterly OPDIV reporting to only the required annual reporting to the Office of Personnel Management.

This issuance is effective immediately. Implementation under this issuance must be carried out in accordance with applicable laws, regulations, bargaining agreements, and Departmental policy.

Antonia T. Harris
Deputy Assistant Secretary for Human Resources

INSTRUCTION 575-1, C1

RECRUITMENT, RELOCATION AND RETENTION INCENTIVE POLICY (3Rs)

575-1-10	Purpose and Authority
575-1-20	Coverage and Exclusions
575-1-30	Definitions
575-1-40	Responsibilities
575-1-50	Criteria
575-1-60	Service Agreements
575-1-70	Documentation, Reporting and Monitoring

Exhibit A – Sample Service Agreement

Exhibit B – Recruitment, Relocation and Retention Incentives Comparison Chart

Exhibit C - Approval Authority for Recruitment, Relocation and Retention Incentives

575-1-10 PURPOSE AND AUTHORITY

- A. Purpose.** This Instruction describes the Department’s compliance with the Office of Personnel Management (OPM) interim regulations under 5 CFR 575, dated May 13, 2005, titled “Recruitment, Relocation and Retention (3Rs) Incentives”. This regulation requires the Department to establish a recruitment, relocation and retention plan in order to continue to authorize these incentives.
- B. Authority.** This instruction is authorized by:
1. Section 101 of the Federal Workforce Flexibility Act of 2004 (5 USC 5753)
 2. Title 5, U.S.C. Sections 5753 and 5754;
 3. Title 5, CFR Parts 530 and 575.

575-1-20 COVERAGE AND EXCLUSIONS

- A. Coverage.** The following types of employees appointed or placed in the following categories of positions are **eligible** to receive recruitment, relocation and retention incentives: General Schedule (GS); Senior-Level (SL); Scientific or Professional (ST); Senior Executive Service (SES); Law Enforcement Officer; Executive Schedule; prevailing rate position; or any other position in a category for which payment of an incentive has been approved by OPM at the request of the head of the employing agency.
- B. Exclusions.** The following types of employees are **excluded** from receiving recruitment, relocation and retention incentives: Presidential appointees; noncareer appointees in the SES; those in positions excepted from the competitive service by reason of their confidential, policy-determining, policy-making or policy-advocating character; members of the Public Health Service Commissioned Corps; agency heads; or those expected to receive an appointment as an agency head (i.e. those appointed to other positions in anticipation of subsequent approval to be appointed as the agency head).

575-1-30 DEFINITIONS

- A. **Recruitment Incentive.** An incentive paid to a *newly-appointed* employee if it has been determined that the position is critical to the mission of the organization and is likely to be difficult to fill in the absence of such an incentive.
- B. **Relocation Incentive.** An incentive paid to a *current* Federal employee who must relocate to accept a position in a different geographic area if it has been determined that the position is critical to the mission of the organization and is likely to be difficult to fill in the absence of such an incentive.

Note: While the payment of relocation “incentives” is payable only to current Federal employees, relocation allowances or “expenses” may be paid to current or newly appointed employees in accordance with General Services Administration, Federal Travel Regulation, Chapter 302, Relocation Allowances.

- C. **Retention Incentive.** An incentive paid to a *current* Federal employee if it has been determined that the unusually high or unique qualifications of the employee or a special need of the organization for the employee's services in a position critical to the mission of the organization makes it essential to retain the employee and that the employee would be likely to leave the Federal service in the absence of a retention incentive. An incentive is also allowable to retain an employee or group of employees when a general or specific notice of closure or relocation has been announced and they are essential to retain for mission requirements and are likely to leave for a different position in the Federal service in the absence of a retention incentive.
- D. **Authorized Agency Official (AAO).** All officials who have been delegated authority in writing to approve these incentives are considered AAOs for the purpose of this policy (see Exhibit C).
- E. **Rate of Basic Pay.** Rate of pay fixed by law or administrative action for the position to which an employee will be appointed, before deductions and including any special rate or locality payment. This does not include pay of any other kind such as night or environmental differentials. Incentive payments are not considered part of basic pay for any purpose.
- F. **Aggregate Pay Limitations:** For GS employees, payment of these incentives is subject to the aggregate limitation on pay in a calendar year, which may not exceed the rate of pay of Level I of the Executive Schedule. For SES, SL and ST employees, payment of these incentives is subject to the aggregate limitation on pay in a calendar year, which may not exceed the rate payable to the Vice President at the end of the calendar year. (Note: SES employees are currently limited to the aggregate limitation on pay in a calendar year, which may not exceed the rate of pay of Level I of the Executive Schedule, pending certification of the SES performance appraisal system by the OPM.)

- G. Service Agreement:** A written agreement that must be signed by an employee prior to receiving an incentive pay that requires completion of a specified period of employment.
- H. Service Period:** The period of service required by the service agreement, which may not be less than 6 months and may not exceed 4 years. Service periods begin on the first day of a pay period and end on the last day of a pay period. (Note: A service agreement is not required for bi-weekly retention incentive payments.)

575-1-40 RESPONSIBILITIES: The following officials and components will be responsible for administering this policy in accordance with the appropriate statutes and regulations.

A. ASAM, Office of Human Resources (OHR): The OHR is responsible for:

1. Update and maintenance of this policy.
2. Preparation and submission of periodic reports regarding usage of 3Rs incentives as well as the annual 3R's report to the OPM.
3. Monitoring the use of these incentives to ensure that payments are consistent with the requirements of this policy.
4. Publishing specific criteria applicable to documenting position criticality to the organization.

B. OPDIV and STAFFDIV: OPDIVs and STAFFDIVs are responsible for:

1. Providing oversight as it relates to determining whether an employee meets the statutory requirements for receiving a recruitment, relocation, or retention incentive.
2. Ensuring that all AAOs have a written delegation of authority to approve an incentive.
3. Documenting the criteria used for determining the amount of an incentive payment, method of payment, length of a required service period, or termination of a service agreement.
4. Ensuring that this policy is applied in a consistent manner when determining the length of service agreements for employees in similar circumstances.
5. Submitting all required documentation for authorization and payment of any incentive to their operating human resource organizations in order to assure regulatory and policy requirements are met prior to payment.

C. Operating Human Resource Organizations: Each operating human resource organization is responsible for:

1. Establishing and maintaining documentation and records containing the justification and service agreement, if applicable, for each issuance of an incentive payment and making such documentation available for review and analysis upon request by the Department or OPM.

2. Ensuring compliance with regulatory and policy requirements prior to processing the incentive request for payment.
3. Providing input to OHR for periodic or annual reporting requirements in the use of these incentives as required to maintain accountability.

575-1-50 CRITERIA. Described below are the Department's criteria for recruitment, relocation and retention incentives as required:

I. Recruitment Incentive: A recruitment incentive may be paid to a newly appointed employee following a determination that the employee's position is critical to the mission of the organization and is likely to be difficult to fill in the absence of an incentive.

A. General Policy

1. A *newly appointed employee* is defined as an individual receiving their first appointment (regardless of tenure) as an employee of the Federal government; an appointment following a break in service of at least 90 days from a previous appointment; or, under certain circumstances, an appointment when the employee's Federal service during the 90 day period immediately preceding the appointment was limited to one or more of the following: time-limited or nonpermanent appointment in the competitive or excepted service; employment with the Washington, D.C. government on or after October 1, 1987; appointment as an expert or consultant under 5 USC 3109 and 5 CFR Part 304; certain nonappropriated fund employees; or a provisional appointment.
2. Recruitment incentives may be approved by AAOs. However, the AAO must be one level above the recommending official unless there is no official at a higher level in the OPDIV or STAFFDIV.
3. The employee must sign an agreement to fulfill a period of service with the OPDIV or STAFFDIV of not less than 6 months and not more than 4 years before an incentive may be paid.
4. Payment of recruitment incentives may not be made retroactively; that is, prior to the effective date of the service agreement signed by management officials and the employee.
5. Recruitment incentives may be paid as an initial lump-sum payment at the beginning of the service period, in installments throughout the service period, as a final lump sum payment upon completion of the service period, or in a combination of these methods.
6. Recruitment incentives may be paid to an individual not yet employed who has received an offer of employment and signed a written service agreement.
7. The determination to pay a recruitment incentive must be made before the prospective employee enters on duty in the position for which recruited.

8. If OPM has granted direct hire authority to a group of positions deemed critical to the mission of the organization, it is automatically deemed hard to fill.
9. The following are examples that should also be considered in documenting that a position is deemed hard to fill:
 - a) The success of recent efforts to recruit candidates for similar positions using indicators such as offer acceptance rates, the proportion of positions filled, and the length of time required to fill similar positions;
 - b) Recent turnover in similar positions;
 - c) Employment trends and labor-market factors that may affect the ability to recruit candidates for similar positions;
 - d) Special or unique competencies required for the position;
 - e) Efforts to use non-pay authorities, such as special training and work scheduling flexibilities, to resolve difficulties alone or in combination with a recruitment incentive;
 - f) The desirability of the duties, work or organizational environment, or geographic location of the position;
 - g) Other supporting factors.

B. Factors in Determining the Amount of a Recruitment Incentive:

1. General. Recruitment incentives may not exceed 25% of the employee's annual rate of basic pay in effect at the beginning of the service period multiplied by the number of years (including fractions of a year) in the service period, not to exceed 4 years. For example, if an employee is paid 25% for 3 years, the total incentive would amount to 75% of their annual rate of basic pay at the beginning of the service period.
2. In determining the amount of the recruitment incentive, at least **one or more** of the following criteria should be use in documenting the decision:
 - a) The current non-Federal salary or salary plus fringe benefits that the candidate receives.
 - b) The projected cost of a renewed recruitment effort if the candidate does not accept the position.
 - c) The urgency of the program from a public health perspective, including HHS strategic plan or Congressional priority in the program.
 - d) The specialized skills that the individual possesses that will benefit the organization and that are in addition to the basic position requirements.

II. Relocation Incentive: A relocation incentive may be paid to a *current* Federal employee who must relocate to accept a position that is critical to the mission of the organization, is in a different geographic area and that is likely to be *difficult to fill* (see Section 575-1-50, IA9 above) in the absence of such an incentive.

A. General Policy

1. Relocation incentives may be approved by AAOs. However, the AAO must be one level above the recommending official unless there is no official at a higher level in the OPDIV or STAFFDIV.
2. The determination to pay a relocation incentive must be made before the prospective employee enters on duty in the position for which relocated.
3. An employee accepting a relocation incentive must sign an agreement for the period of service covered by the incentive which may not exceed 4 years.
4. Payment of relocation incentives may not be made retroactively; that is, prior to the effective date of the service agreement signed by management officials and the employee.
5. A relocation incentive may be paid only when the employee's rating of record (or other official performance appraisal or evaluation) is at least "Fully Successful" (or the equivalent level under a different Performance Management and Appraisal Plan) for the last annual rating of record.
6. The worksite is in a different geographic location (normally defined as 50 miles or more from the worksite of the position held immediately before the move).
7. The employee must show evidence that a residence in the new geographic location has been established.
8. A relocation incentive may be offered to an employee, and paid simultaneously while an employee is already receiving a retention incentive, subject to aggregate pay limitations.
9. Relocation incentives may be paid as an initial lump-sum payment at the beginning of the service period, in installments throughout the service period, as a final lump sum payment upon completion of the service period, or in a combination of these methods.

B. Factors in Determining the Amount of a Relocation Incentive:

1. General. Same as Section 575-1-50, IB1 above.
2. The disparity in cost-of-living between the candidate's current residence and the proposed duty station, as documented in a Runzheimer International Two Location Comparison, or similar type of cost-of-living comparison.
3. The personal or professional disruption that will occur as a result of relocation and/or the undesirability of the geographic area of the proposed duty station.

III. Retention Incentive: A retention incentive may be paid to a *current* Federal employee in a position that is critical to the mission of the organization, if it is determined that the unusually high or unique qualifications of the employee, or a special need of the organization for the employee's services, make it essential to retain the employee and that the employee would be likely to leave the Federal service in the absence of a retention incentive. An incentive is also

allowable to retain an employee or group of employees when a general or specific notice of closure or relocation has been issued to the employee(s) in writing; that their position(s) would be affected by the closure or relocation of the employee's office, facility, activity, or organization; that they are considered essential to retain for mission requirements; and that they are likely to leave for a different position in the Federal service in the absence of a retention incentive.

A. General Policy

1. Retention incentives may be approved by AAOs. However, the AAO must be one level above the recommending official unless there is no official at a higher level in the OPDIV or STAFFDIV.
2. Retention incentives may not be authorized for an employee during a period of time already covered by a recruitment or relocation incentive service agreement.
3. A retention incentive may be paid only when the employee's rating of record (or other official performance appraisal or evaluation) is "Fully Successful" (or the equivalent level under a different Performance Management Appraisal Plan) for the last annual rating of record.
4. A retention incentive may be paid to an employee or group of employees when a general or specific written notice was issued that his or her position may be affected by the closure or relocation of the office, facility, activity, or organization (e.g., the employee's position may or will be moved to a new geographic location or eliminated).
5. A written justification must be prepared by the OPDIV that clearly delineates the special skills possessed by the employee(s) that makes it essential to retain him or her for a period of time prior to the closure or relocation of the organization. The justification must also identify the length of time the individual(s) will be retained and the basis for the amount authorized. When a group incentive is considered it must be documented that there is a high risk that a significant number of employees in the group would likely leave for a different position in the Federal service.
6. Retention incentives may be paid in installments after the completion of specified periods of service, or in a single lump sum after completion of the full period of service as required by the service agreement. Retention incentives *may not* be paid as a single lump sum at the start of a service period or in advance of fulfilling the service period for which the incentive is authorized. (Installment payments must be consistent with biweekly pay periods.)

Note: A written service agreement is not required for retention incentives paid on a bi-weekly installment payment basis, but is required for all cases where an employee is likely to leave the department for a different position in the Federal service. When no service agreement is required, payment of retention incentives may be reduced or terminated if that payment is no longer warranted due to changes in labor-market factors, organizational need for employee services, budgetary considerations, or other factors.

7. Payment of retention incentives may not be made retroactively; that is, prior to the effective date of the service agreement signed by management officials and the employee.
8. Excess retention incentive payments that would cause an employee's total compensation to exceed the applicable aggregate limitation may be deferred and paid in lump sum payment at the beginning of the following year.

B. Factors in Determining the Amount of a Retention Incentive:

1. General. Retention incentive rates for individuals are expressed as a percentage of the employee's annual rate of basic pay, not to exceed 25% of the annual rate of basic pay.
2. Retention incentive rates for a group or category are expressed as a percentage, not to exceed 10% of the basic pay of each employee in a group or category of employees authorized to receive an incentive.
3. A competing written non-Federal salary offer (normally not more than 90 days old) may be considered as documentation in determining the amount of an incentive. However, letters of inquiry of availability for a position (e.g., headhunter letters) are not considered to be employment offers but are part of the search for available candidates.
4. The role of the individual in the program, e.g., leadership, expert, etc., and the potential impact of the individual leaving the program. Factors to be reviewed include:
 - a) The urgency of the program from a public health perspective, including the organization's mission or Congressional priority in the program.
 - b) The unusually high or unique qualifications, specialized skills, or training and experience that the individual possesses, including a cost assessment of previous government-sponsored training, if pertinent.
 - c) Other comparable criteria that must be justified in the case.
5. Other considerations. Although the following factors may also be considered in establishing the amount of the incentive, no individual factor provides sufficient basis alone to justify the amount of the incentive.
 - a) The average salary reported in published salary surveys for comparable private sector positions, if available.
 - b) The length of service and contribution of the employee while serving in the agency.
 - c) The estimated cost of recruitment and training associated with replacement of the employee, if he/she were to leave the Federal service.
6. Whenever a retention incentive is based on the likelihood that an employee, who is eligible for retirement, is likely to retire if the incentive is not paid, the organization is required to document that recruitment and/or succession planning is underway for the position and the position is critical to the mission of the organization.

IV. Group Incentives. Recruitment, relocation and retention incentives may be paid to groups of employees, as follows:

1. AAOs may target groups of similar positions that have been difficult to fill in the past or that are likely to be difficult to fill in the future and may make the required determination to offer a recruitment incentive on a group basis.
2. A major organization unit of HHS is relocated to a different commuting area (i.e. 50 or more miles from the current work site, or less than 50 miles with approval of a waiver) and the approving official determines that relocation incentives are necessary for specified groups of employees to ensure the continued operation of that unit without undue disruption of an activity or function that is deemed essential to the mission and/or without undue disruption of service to the public.
3. AAOs may pay retention incentives to an eligible group or category of employees if the organization determines that the unusually high or unique qualifications of the group or a special need of the organization for the employees' services makes it essential to retain the employees and that there is high risk that a significant number of employees in the group would likely leave the Federal service or leave for a different positions in the Federal service in the absence of a retention incentive. An incentive is also allowable to retain a group of employees whose skills are essential to mission requirements during the closure or termination of organizational operations if they are likely to leave for a different position in the Federal service in the absence of a retention incentive.

V. Movement between HHS Components. If an employee voluntarily moves between components, the gaining component shall reimburse the component that paid the incentive on a pro rata basis.

575-1- 60 SERVICE AGREEMENTS: Before paying recruitment, relocation or retention incentives (and when required), an employee must sign a written Service Agreement that includes the following:

A. Contents of Service Agreement:

1. A specified period of employment with the organization (or successor organization in the event of a transfer of function);
2. The length of the service period and criteria for making that determination;
3. Commencement and termination dates of the required service period. (**Note:** An organization may delay a service agreement commencement date for recruitment and relocation incentives until after the employee completes an initial period of formal training or required probationary period.);
4. Specify that if an employee does not successfully complete the training or probationary period before the service period commences for recruitment and relocation incentives, the organization is not obligated to pay any portion of these incentives to the employee;

5. Specify the total amount of the incentive, the method of paying the incentive, and the timing and amounts of each installment incentive payment;
6. Specify the discretionary and mandatory conditions under which the organization may or must terminate the service agreement; the obligations of the HHS component and employee if the agreement is terminated, including the effect on incentives paid for completed or uncompleted service; or not yet paid for uncompleted service.
7. The service agreement may include any other terms or conditions that, if violated, will result in termination of the service agreement.

B. Minimum Length of Time for Service Agreements: The following criteria must be used for all **non-biweekly payment** amounts when determining the length of service, and percentage of the annual rate of basic pay for all recruitment, relocation or retention incentives with signed written service agreements (see Sample Service Agreement at Exhibit B).

<u>Amount of Payment</u>	<u>Length of Service Agreement</u>
Up to 16%	6 months
16% to 25%	1 year
26% to 50%	2 year
51% to 75%	3 year
76% to 100%	4 year

C. Termination of Service Agreement: Service agreements may be terminated by the AAO based on discretionary or mandatory reasons.

1. Discretionary termination. An AAO *may* unilaterally terminate recruitment, relocation, or retention incentive service agreements based on the management needs of the office. Examples of reasons for discretionary termination include reduction in force, insufficient funds, or need to reassign the employee to a position with different terms of employment.
 - a) For recruitment and relocation incentives, the employee is entitled to the incentive payments that are attributable to completed service and to retain any portion of an incentive payment the employee received that is attributable to uncompleted service
 - b) For retention incentives, the employee is entitled to retain any retention incentive payments that are attributable to completed service and to receive any portion of a retention incentive payment owed by the organization for completed service.
2. Mandatory termination. An AAO *must* terminate a service agreement if an employee is demoted or separated for cause (i.e. for unacceptable 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. An AAO must also terminate a retention incentive agreement when conditions change such that the original determination to pay the incentive no longer applies (e.g. the employee is assigned to a different position that is not within the terms of the agreement; the closure or relocation is cancelled or the employee subsequently accepts the

offer to transfer with the organization). *Note: If an employee moves to a different position also subject to relocation or closure, a new retention incentive for the employee, may be appropriate.*

a) For recruitment and relocation incentives, the employee will retain any incentive payments that are attributable to completed service; must repay any portion attributable to uncompleted service (see #5 below); and the organization is not obligated to pay any outstanding incentive payments attributable to uncompleted service unless specified in the service agreement.

b) For retention incentives, the employee will retain any incentive payments that are attributable to completed service or is entitled to receive any payments owed attributable to completed service; and the organization is not obligated to pay any outstanding incentive payments attributable to uncompleted service unless specified in the service agreement.

3. The termination of a service agreement is not grievable or appealable.
4. The organization must notify an employee in writing when it terminates a service agreement.
5. If an employee must reimburse the Federal Government for any incentive payments received that are attributable to incomplete service, and the employee fails to reimburse the organization for the excess amount owed, the Department will take steps to recover amounts owed pursuant to the regulations governing the Department of Health and Human Services debt collection procedures.

D. Use of Other Discretionary Compensation Options: Whenever incentives are used in conjunction with other forms of discretionary compensation (e.g., superior qualifications appointment, student loan repayment, etc.), the incentive request must address the total compensation proposed for the candidate and describe the rationale for use of multiple pay mechanisms.

575-1-70 DOCUMENTATION, REPORTING AND MONITORING

A. Documentation. Each organization approving a determination to pay an incentive shall document its decision in sufficient detail to justify the payment and to reconstruct the action. This documentation will be submitted to the servicing human resource organization for review for sufficiency, adherence to this policy, and retention in the appropriate file. This documentation shall include a copy of the service agreement, the initial incentive determination, the employee's rating for the previous performance period, and the following information:

1. The criteria used to determine the need for paying the incentive (including the need for advance determination) and how the criteria were applied.
2. The criteria used to determine the amount of the incentive and how the criteria were applied.
3. The qualifications of the candidate/employee in sufficient detail to demonstrate that he/she meets any special qualifications needed for the position.

4. The agency (i.e., executive, judicial, or legislative branch) to which the employee would be likely to transfer to in the absence of the retention incentive.
 5. The length of the service agreement and the criteria used to make that determination.
 6. Upon approval, payment of the incentive shall be documented by preparing an SF-50 and filing it in the employee's Official Personnel Folder.
- B. Reporting.** The OHR will prepare an annual report in accordance with Office of Personnel Management requirements. Each report shall include:
1. The type of incentive;
 2. Title, pay plan, series, and grade;
 3. Total number of employees paid that incentive by title, pay plan, series, and grade;
 4. Total dollar amount paid for that incentive by title, pay plan, series, and grade;
 5. A narrative discussion of the situations for which incentives were used, the effectiveness of the retention incentive authorities, and any recommendations for improving the use of the statutory authorities in terms of both regulatory change and Department requirements and flexibilities.
- C. Monitoring.** Each OPDIV or STAFFDIV must monitor the use of these incentives to ensure their use is consistent with the requirements of the regulations and this policy. If an OPDIV or STAFFDIV is not adhering to these requirements, its use may be revoked or suspended, or its delegation authority withdrawn.

Exhibit A: Sample Service Agreement

EMPLOYEE NAME: _____	DATE: _____
REQUIRED SERVICE PERIOD: _____ Years _____ Months Minimum allowed: 6 months Maximum allowed: 4 years	COMMENCEMENT DATE OF SERVICE PERIOD: _____
PROBATIONARY OR TRAINING PERIOD REQUIRED BEFORE PAYMENT? <input type="checkbox"/> Yes <input type="checkbox"/> No	TERMINATION DATE OF SERVICE PERIOD: _____
CONDITIONS FOR TERMINATION OF SERVICE AGREEMENT: Demotion or Separation for Cause: <input type="checkbox"/> Rating of Record less than Fully Successful: <input type="checkbox"/> Failure to Fulfill Terms of Service Agreement: <input type="checkbox"/> The conditions under which the agreement was established no longer exist (e.g., relocation or closure has been cancelled; the employee moves to position not authorized for an incentive or labor market factors, etc.): <input type="checkbox"/>	PAYMENT OF INCENTIVE: AMOUNT: \$ _____ PERCENTAGE: _____ METHOD OF PAYMENT: Lump Sum <input type="checkbox"/> Installments by Pay Period: <input type="checkbox"/> Installments by Service Period (If yes, Describe): <input type="checkbox"/> _____ Combination of Above Options (If yes, Describe): <input type="checkbox"/> _____
CONDITIONS UNDER WHICH ORGANIZATION MAY TERMINATE THE SERVICE AGREEMENT FOR FAILURE TO COMPLETE THE SERVICE PERIOD: (DESCRIBE) 	CONDITIONS UNDER WHICH EMPLOYEE MUST REPAY INCENTIVE: (DESCRIBE)
OTHER TERMS OR CONDITIONS RESULTING IN THE TERMINATION OF THE SERVICE AGREEMENT: (DESCRIBE) 	CONDITIONS UNDER WHICH ORGANIZATION WILL PAY AN ADDITIONAL INCENTIVE PAYMENT FOR PARTIALLY COMPLETED SERVICE IF SERVICE AGREEMENT IS TERMINATED: (DESCRIBE)
OTHER TERMS OR CONDITIONS RESULTING IN THE TERMINATION OF THE SERVICE AGREEMENT: (DESCRIBE) 	CRITERIA FOR REPAYMENT OF AN INCENTIVE FOR FAILURE TO COMPLETE THE SPECIFIED LENGTH OF SERVICE (SEE SECTION 575.1-60 (C))

EXHIBIT B
Recruitment, Relocation and Retention Incentives Comparison Chart

INCENTIVE TYPE	PAYMENT	COVERED POSITIONS	FOR WHOM	CRITERIA	SERVICE AGREEMENT	HOW PAID
RECRUITMENT INCENTIVE	May not exceed 25% of the annual rate of basic pay (which includes a special rate, locality payment, or similar pay under other legal authority) of the employee at the beginning of the service period multiplied by the number of years (including fractions of a year) in the service period not-to-exceed 4 years	GS; Senior Level; Scientific and Professional; Career SES; Law Enforcement Officer positions; EX; or a positions where the rate of pay is fixed by law at a rate equal to a rate for the Executive Schedule; prevailing rate positions; positions in a category for which payment of a recruitment or relocation incentive has been approved by OPM	Newly appointed Federal employees, including first permanent appointment; or appointment of a former employee after a 90 day break in service	Difficult to fill in the absence of an incentive. Must consider the following: <ul style="list-style-type: none"> • Difficulty in recruiting candidates • Success of recent efforts to recruit candidates for similar positions • Non-Federal salaries for similar positions • Recent turnover • Labor market factors • Special skills/qualifications, etc. • Available hiring flexibilities • Work environment or geographic location, etc. 	Required not less than 6 months and no longer than 4 years	<ul style="list-style-type: none"> • Lump sum at beginning of service period or • Final lump sum payment upon completion of service period or • Installments or • Any combination of these
RELOCATION INCENTIVE	Same as above	Same as above	Current Federal employees	Same as above * Relocation incentive cannot be paid until the employee established a residence in the new commuting area	Same as above	Same as above
RETENTION INCENTIVE	Percentage of basic pay, not to exceed 25% for an individual employee or 10% for a group or category of employees	Same as above	Current Federal employees	<ul style="list-style-type: none"> • Unusually high or unique qualifications • Special need of organization; employee would leave Federal service; or leave for a different position in the Federal service during an announced closure or relocation . 	Same as above except not required if paid in biweekly installments	Installment after completion of specific periods of service, or single lump sum after completion of full period of service per the service agreement

EXHIBIT C
Summary of Approval Authority for Recruitment, Relocation, and Retention Incentives

Authority	*Approved By	Limitations
1. Approve requests for recruitment or relocation incentives for individuals or groups when the proposed incentive does not exceed 25% multiplied by the number of years in the service period.	OPDIV Heads STAFFDIV Heads IG AAO	One level above recommending official (except when recommending official is the OPDIV Head, STAFFDIV Head or the IG)
2. Approve requests for retention incentives when the proposed incentive does not exceed 25% for an individual or 10% for a member of a group.	OPDIV Heads STAFFDIV Heads IG AAO	One level above recommending official (except when recommending official is the OPDIV Head, STAFFDIV Head or the IG)
3. Terminate service agreements and incentives payments.	OPDIV Heads STAFFDIV Heads IG AAO	One level above recommending official (except when recommending official is the OPDIV Head, STAFFDIV Head or the IG)
4. Request waiver from OPM to exceed recruitment, relocation or retention incentive limitations.	ASAM	

*Note: All approving officials must be at the SES or equivalent level i.e. Senior Title 42, Commissioned Corps Flag Officers, and Senior Biomedical Research Service.