

U.S. DEPARTMENT OF EDUCATION
PERSONNEL MANUAL BULLETIN

PMB: 575-3
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APPROVED:
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Director of Personnel

Includes Amendments of 8/2/91 and 8/31/99

SUBJECT: RELOCATION BONUSES

I. AUTHORITY

The Federal Employees Pay Comparability Act of 1990 (Public Law 101-509, November 5, 1990) includes a new provision (5 U.S.C. 5753) that is designed to facilitate the relocation of high quality employees. Interim regulations, 5 CFR Part 575, were published in the Federal Register on March 28, 1991.

II. POLICY

- A. The Department of Education can authorize payment of a relocation bonus of up to 25 percent of basic pay to a current Department employee who must relocate to accept a position in a different commuting area, provided there is a determination that, in the absence of such a bonus, difficulty would be encountered in filling the position with a high quality candidate. Each such determination shall be made before the employee actually enters on duty in the position to which he or she was relocated.
- B. In the case of a law enforcement officer, the amount of a relocation bonus may not exceed the greater of \$15,000 or 25 percent of the officer's rate of basic pay.
- C. A relocation bonus shall be calculated as a percentage of the employee's rate of basic pay (not to exceed 25 percent, except as provided in Section II. B above) and paid as a lump sum. It shall not be considered part of an employee's rate of basic pay for any purpose (e.g., retirement, life insurance, etc.). The bonus is considered taxable salary for Federal, State and local tax purposes.
- D. The relocation bonus is included in aggregate compensation that is limited to the rate payable for level I of the Executive Schedule at the end of the calendar year.

III. APPLICABILITY

- A. The Department may authorize payment of a relocation bonus to the following categories of employees who are serving under an appointment without time limitation: (1) employees in General Schedule positions including positions under the Performance Management and Recognition System; (2) employees in senior-level Or scientific or professional positions; (3) members of the Senior Executive Service; (4) law enforcement officers; (5) employees in positions under the Executive Schedule (or equivalent positions); (6) Presidential Appointees; and (7) employees in Senior Manager positions and technical and professional Employees authorized by Public Law 105-244.
- B. The Secretary of Education or Secretary-designate is not eligible for a relocation bonus.
- C. Office of Personnel Management (OPM) approval is required to authorize a relocation bonus for an employee in any category not listed in Section III. A above.
- D. Applicable provisions of a negotiated collective bargaining agreement must be applied in conjunction with this Bulletin for positions in the bargaining unit.

IV. DEFINITIONS

- A. "Commuting area" means the geographic area that normally is considered one area for employment purposes. It includes any population center (or two or more neighboring ones) and the surrounding localities where people live and reasonably can be expected to travel back and forth daily to work.
- B. "Employee" means a current employee of the Department who is appointed without a break in service and without time limitation to a position in a different commuting area, or who is serving under an appointment without time limitation and whose duty station is changed temporarily to a different commuting area.
- C. "Involuntarily separated" refers to a separation initiated by the Department against the employee's will and without his or her consent for reasons other than cause on charges of misconduct or delinquency. An involuntary separation includes a separation resulting from the employee's actual inability to do the work following genuine efforts to do so. In addition, when an employee is separated because he or she declines to accept assignment outside the commuting area, the separation is involuntary if the employee's position

description or other written agreement does not provide for a mobility agreement. However, an employee's separation is not involuntary if, after such a written mobility agreement is added, the employee accepts one reassignment outside the commuting area, but subsequently declines another such reassignment.

- D. "Rate of basic pay" means the rate of pay fixed by law or administrative action for the position to which the employee is being relocated, before deductions and exclusive of additional pay of any kind, such as locality-based comparability payments or interim geographic adjustments.
- E. "Senior Officer" means any official who is the head of an Office or Principal Operating Component of the Department, who reports directly to the Secretary or Deputy Secretary, i.e., Assistant Secretary or equivalent office head.
- F. "Service agreement" means a written agreement between the Department and an employee under which the employee agrees to a specified period of employment of a minimum of 12 months with the Department at the new duty station to which relocated in return for payment of a relocation bonus (see Exhibit I).

V. RESPONSIBILITY

- A. The Selecting Official who wishes to pay a relocation bonus is responsible for preparing a justification that meets the criteria in Section VI below.
- B. The Senior Officer is responsible for making the determination to request payment of a relocation bonus, and for determining the amount of such bonus.
- C. The Executive Officer is responsible for: determining the availability of funds; ensuring that the justification fully meets the criteria in Section VI below; and fulfilling the submission requirements for the Request for Personnel Action.
- D. The Servicing Personnel Officer is responsible for: advising management on all aspects of the relocation bonus policy; reviewing each relocation bonus request and forwarding it to the Director, Personnel Management Service (PMS), along with any additional information that might affect the relocation bonus decision; and providing the administrative support to process an approved relocation bonus.

- E. The Director, Personnel Management Service is responsible for: advising the Secretary or the Secretary's designee, on all aspects of the Department's relocation bonus policy; providing administrative support and establishing controls to ensure that the purpose and procedures of the ensuring that the purpose and procedures of the relocation bonus policy, and its relationship to the Department's compensation system, are communicated to management; reviewing individual case submissions for reasonableness and complete staff work; and making recommendations to the Deputy Under Secretary for Management on whether to approve the relocation bonus request.

- F. The Director, Personnel Policy, Planning and Evaluation Staff is responsible for: reviewing, evaluating and advising the Director, PMS whether to recommend approval of payment for each relocation bonus request; monitoring program operations and performing the periodic evaluation described in Section VIII below; and recommending changes as necessary to ensure responsible administration of the relocation bonus policy as part of an integrated compensation system.

- G. The Deputy Under Secretary for Management is responsible for: approval of requests for relocation bonus payments of 10 percent of basic pay or less, for employees at GS/GM-15 and below; and forwarding all other requests to the Deputy Secretary, with comment and/or recommendation.

- H. The Deputy Secretary is responsible for approval of requests for relocation bonuses for Senior Executive Service, Executive Schedule, senior level and Presidential Appointees; and for requests for relocation bonuses of more than 10 percent of basic pay for all other covered employees.

VI. PROCEDURE FOR REQUESTING APPROVAL FOR A RELOCATION BONUS

A. Justification

1. Recruitment Difficulty

The justification must describe the difficulty that would be encountered in filling the position with a high quality candidate, in the absence of a relocation bonus. The following factors, as well as any other relevant factors, should be considered as applicable:

- a. The success of recent efforts to recruit high

quality candidates for similar positions in the commuting area, including indicators such as offer acceptance rates, (2) the proportion of positions filled, and (3) the length of time required to fill similar positions;

- b. Recent turnover in similar positions;
- c. Labor-market factors that may affect the ability of the Department to recruit high quality candidates for similar positions in the commuting area, now or in the future;
- d. Special qualifications needed for the position; and
- e. Whether the employee is still serving under a service agreement for receiving a recruitment bonus.

2. Amount of Bonus

The justification must request and substantiate a relocation bonus in a specific amount, expressed as a percentage of basic pay (up to 25 percent). In addition to the factors in VI. A. 1 above, the following factors, as well as any other relevant information, should be considered, as applicable:

- a. The amount of the relocation bonus should ensure that the initial compensation offer is sufficiently impetitive to attract the employee who offers the best available professional and technical talent and expertise. The amount should not exceed reasonable benchmarks in the occupational field for the duty station.
- b. Considerations in arriving at an equitable relocation bonus amount include: (1) the employee's salary history; (2) current salary (3) other earned income; (4) salary increases already scheduled; (5) bona fide competing job offers; and (6) salaries offered to individuals with equivalent qualifications in like organizations in the commuting area.
- c. Other factors bearing upon the qualifications of an employee could include (1) special skills or qualifications which uniquely equip an individual to meet a specific need; and (2) demonstrated exceptional level of professional and/or academic leadership.

- d. The amount of the bonus should take into consideration: (1) the employee's performance appraisal; (2) budget considerations and policies; and (3) any other appropriate compensation-related indices.

B. Documentation Required

1. The following documentation must accompany each request for a relocation bonus:
 - Justification from selecting official for payment of a relocation bonus in an amount specified as a percentage of basic pay, as set forth in Section VI. A above;
 - Copy of proposed Position Description;
 - Copy of proposed Service Agreement;
 - Senior Officer recommendation; and
 - Servicing Personnel Officer clearance and optional comments on any additional factors that should be considered in determining whether to approve the request.

C. Clearance and Approval

1. The justification and documentation required by Sections VI. A and B above must be submitted for clearance and approval as follows:

TO: Deputy Secretary or Deputy Under Secretary for Management (as required by Section V.G or H)

FROM: Senior Officer
2. The justification/documentation submission cited in Paragraph 1 above must be cleared and signed by the officials listed below. Each signed clearance represents certification of that official's fulfillment of responsibility to ensure complete staff work, reasonable action, and any other responsibilities set forth in Section V of this Bulletin. The transmittal document must include signed certifications by each of the following:

- Selecting Official
- Executive Officer
- Servicing Personnel Officer
- Director, Division of Personnel
Operations or
- Director, Executive Resources Staff
- Director, Personnel Policy, Planning and
Evaluation Staff
- Director, Personnel Management Service
- Administrator for Management Services
- Deputy Under Secretary for Management
(when required)

D. Authorization

1. Each relocation bonus paid shall be based on a written approval by the Deputy Secretary or Deputy Under Secretary for Management as specified in Section V. G and H above, certifying that, in the absence of such a bonus, the Department would encounter difficulty in filling the position with a high quality candidate. Each such determination shall be made before the employee actually enters on duty in the position to which he or she was relocated. In determining which employee may receive a relocation bonus, the authorization process may target groups of positions that have been difficult to fill in the past or that may be difficult to fill in the future. However, any determination to pay a bonus shall be made on a case-by-case basis for each employee.
2. The Administrator for Management Services will issue the relocation bonus decision letter to the Senior Officer, with copies to the Executive Officer and Servicing Personnel Officer. An approval letter will authorize use of the Request for Personnel Action (SF-52) as the vehicle to direct payment of the relocation bonus.
3. Documentation requirements for the Request for Personnel Action (SF-52) and Notification of Personnel Action (SF-50) are provided in Federal Personnel Management Letter 296-113, dated April 30, 1991.

VII. REQUIREMENTS FOR PAYMENT

A. Written Service Agreement

1. Before a relocation bonus may be paid, the Department shall require the employee to sign a written service agreement to complete a specified number of months of employment with the Department

at the new duty station.

2. Except as provided in Paragraph 3 below, the minimum period of employment to be established under a service agreement for a relocation bonus shall be 12 months.
3. In the case of a temporary change in duty station for less than 12 months, a service agreement may provide for a short term minimum period of employment. Any such determination shall be documented in writing and shall include a description of the reasons for the determination.
4. The service agreement (see exhibit I) must be executed by the appointee/employee prior to payment of the relocation bonus.

B. Repayment of Relocation Bonus

1. Except as provided in Paragraph 4 below, an employee who fails to complete the period of employment established under a service agreement shall be indebted to the Federal Government and shall repay the relocation bonus on a pro rata basis. The amount to be repaid shall be determined by providing credit for each full month of employment completed by the employee under the service agreement.
2. Failure to complete the period of employment established under a service agreement occurs when the employee's service with the Department of Education at the new duty station terminates before the employee completes the period of employment specified in the service agreement.
3. Amounts owed by an employee under Paragraph 1 above shall be recovered from the employee under the Department's regulations for collection by offset from an indebted Government employee.
4. Paragraph 1 above does not apply when an employee fails to complete the period of employment established under a service agreement because the employee is involuntarily separated, or because of a written determination by the Secretary that it is necessary to relocate the employee to a position in a different commuting area.
5. A right of recovery of an employee's debt may be waived in whole or in part by the Secretary if a determination is made that recovery would be against equity and good conscience or against the

public interest.

VIII. EVALUATION

- A. The Personnel Policy, Planning and Evaluation Staff (PPES) shall evaluate the use of relocation bonuses to ensure that the Department's relocation bonus system conforms to the requirements established OPM regulations, and that the payment of relocation bonuses conforms to the criteria established by this Bulletin.
- B. On or before December 31 of each year, PPES shall prepare a written report on the Department's use of relocation bonuses during the previous fiscal year. Each such report shall include information on (1) the number of employees who received a relocation bonus during the fiscal year; (2) the percentage of salary received by each employee; and (3) an evaluation of the overall effect of the payment of relocation bonuses on the Department's ability to fill positions with high quality candidates, and foster geographic mobility among high quality employees, of the Department. The Personnel Management Service (PMS) shall make its annual report available for review upon request by OPM.

IX. RECORDS AND REPORTS

- A. PPES shall keep a record of each determination made under the provisions of this Bulletin and make such records available for review upon request by OPM. PMS shall promptly submit a report of each such determination as a part of its regular submission to OPM's Central Personnel Data File.
- C. So that OPM can evaluate agencies' use of this authority and provide the Congress and others with information regarding the use of relocation bonuses, PMS shall maintain such other records and submit to OPM such other reports and data as OPM shall require.

Expiration: This Bulletin will expire upon issuance of a Personnel Manual Instruction.

I

DEPARTMENT OF EDUCATION

SERVICE AGREEMENT FOR RELOCATION BONUS PAYMENT

NAME (Last, First, Middle Initial)

POSITION (Title, Pay Plan, Series, Grade)

ORGANIZATION

DUTY STATION

Title 5 U.S.C. 5753 provides for payment of a lump sum relocation bonus to an employee who must relocate to accept a position in a different commuting area. The bonus may not be paid by the Department of Education until the individual being transferred signs the agreement set forth below.

I understand and agree that:

1. In return for payment of a \$_____ relocation bonus, I will continue employment with the Department of Education at _____, my new duty station, for a period of _____ months from the effective date of my assignment to that new duty station.
2. If before the expiration of the agreement period specified above, I fail to fulfill the terms of this agreement, I will repay to the United States Government any monies expended from Federal funds for this relocation bonus, unless involuntarily separated (e.g. for actual inability to do the work following genuine efforts to do so, but not for misconduct or delinquency).
3. Repayment shall be on a pro rata basis. The amount to be repaid shall be determined by providing credit for each full month of employment completed under this service agreement.

Signature of Employee

Date Signed

Effective Date of Assignment to New Duty Station:

(to be recorded by the servicing personnel office on all copies.)

Distribution of Copies:

- 1 original - Official Personnel Folder
- 1 copy - Personnel Policy, Planning
and Evaluation Staff
- 1 copy - Financial Management Service
- 1 copy - Employee

TABLE OF CHANGES

Remove Page	Insert Page	Explanation of Changes
Page 2	Page 2	To include the application of this Bulletin to bargaining unit employees and positions.

REASON FOR CHANGE

Council 252 of the American Federation of Government Employees has agreed to the application of this Bulletin to bargaining unit employees and positions.

The following change incorporates approval by the Office of Personnel Management for employees in Senior Manager positions and technical and professional employees authorized by Public Law 104-244 to be eligible for relocation bonuses.

Section III. A.:

In line 9 add "(7) employees in Senior Manager positions and technical and professional employees authorized by Public Law 105-144".

Page 1: Delete reference to "Distribution: FPM Chapter 575"