



# Implementation Guidelines for Authorizing Recruitment and Relocation Incentives

A Mandatory Reference for ADS Chapter 467

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## Implementation Guidelines for Authorizing Recruitment and Relocation Incentives

### 1. Overview

Effective Date: 12/17/07

These guidelines set forth the Agency's policy directives and required procedures, criteria, and responsibilities which establish the Agency's plan for the payment of recruitment and relocation incentives.

A **recruitment incentive** is a lump-sum payment of up to 25 percent of the annual rate of basic pay (including any special rate or locality payment) to an employee **newly-appointed**, 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. In return, the employee must sign a written agreement to fulfill a period of service with the Agency of not less than six months and not more than four years, before an incentive may be paid.

A **relocation incentive** is a lump-sum payment of up to 25 percent of the annual rate of basic pay (including any special rate or locality payment) to a current employee of the Federal Government who must relocate to accept a position in a different geographic area (permanently or temporarily) if USAID determines that the position is likely to be difficult to fill in the absence of an incentive. A position is considered to be in a different geographic area if the worksite of the new position is 50 or more miles from the worksite of the position held immediately before the move. In addition, the employee must establish a residence in the new geographic area before the Agency can pay the employee a relocation incentive. In return, the employee must sign a written agreement to fulfill a period of service with the Agency of not less than six months and not more than four years, before an incentive may be paid.

A relocation incentive may be paid only when the employee's rating of record under an official performance appraisal or evaluation system is at least "Fully Successful", or equivalent.

The employee must be an employee of the Federal Government immediately before the relocation (see **5 CFR 575.205(a)**).

### 2. Responsibilities

Effective Date: 12/17/07

**a.** The **Immediate Supervisor** is normally the recommending official responsible for initiating a request to grant a recruitment or relocation incentive for a particular candidate being recruited, in conjunction with filling a vacancy in his or her office.

- b. Heads of Bureaus and Independent Offices (B/IOs)** are responsible for initiating group-based requests for recruitment or relocation incentives and deciding whether requests for recruitment or relocation incentives to be paid to individuals selected for positions in their organizations are warranted.
- c. B/IO Management Staffs** are responsible for advising supervisors on use of recruitment and relocation incentives, identifying available funding for such requests, and coordinating requests for use of these authorities with B/IO managers, supervisors, and HR staff.
- d. The Chief, Civil Service Personnel Division, Office of Human Resources (HR/CSP)** is responsible for
- Reviewing requests for granting recruitment or relocation incentives, ensuring conformance to OPM regulations and other requirements as set forth in this reference; and
  - Forwarding recommendations for approval or disapproval to the Deputy Assistant Administrator for Human Resources (DAA/HR) on requests for incentives for prospective employees recruited for positions at grades GS-15 and below.
- e. The Office of Human Resources, Policy, Planning and Information Division (HR/PPIM)** determines the impact of granting recruitment or relocation incentives on workforce planning initiatives and/or data.
- f. The Deputy Assistant Administrator for Human Resources (DAA/HR)** or designee is responsible for approving requests to grant payment of recruitment or relocation incentives for employees, GS-15 and below. He or she is also responsible for forwarding requests to grant recruitment or relocation incentives for prospective candidates for Senior Executive Service (SES) or other equivalent senior level positions to the Administrator or designee with recommendations for approval or disapproval.
- g. The Administrator (A/AID) or designee** is responsible for approving requests for granting payment of recruitment or relocation incentives for individuals who are prospective candidates for appointment to Senior Executive Service (SES) or other equivalent senior level positions in USAID.
- h. The Chief Financial Officer (M/CFO)** is delegated the authority to waive the employee's debt, such as the repayment of the relocation incentive if the employee does not complete the required period of service with USAID (see [5 U.S.C. 5514, section 10d](#), in whole or in part), if he or she determines that recovery would be against equity and good conscience or against the public interest.

### **3. Use of Recruitment and Relocation Incentives**

Effective Date: 12/17/07

Recruitment and relocation incentives will only be authorized when there is a demonstrable need to use them in order to attract candidates who have outstanding qualifications for critical positions that would otherwise be difficult to fill. B/IOs must identify available funding when requesting use of these incentives.

### **4. Covered and Excluded Positions**

Effective Date: 12/17/07

The following are positions in USAID that are covered or excluded from receiving recruitment and relocation incentives:

#### **a. Covered Positions**

The Agency may authorize payment of a recruitment or relocation incentive to an eligible individual appointed to or serving in General Schedule (GS), Senior-level (SL), scientific or professional (ST), Executive Schedule (EX), and career Senior Executive Service (SES) positions. The U.S. Office of Personnel Management (OPM) may approve other categories for coverage upon written request from the Administrator or designee.

#### **b. Excluded Positions**

In accordance with **5 U.S.C. 5753**, recruitment or relocation incentives may not be paid to

- Presidential appointees,
- Agency head or potential Agency head,
- Non-career SES appointees,
- Schedule C employees,
- Foreign Service (FS) or Senior Foreign Service (SFS) Officers,
- Temporary and intermittent (when actually employed) employees,
- Administratively Determined (AD) employees,
- U.S. and Foreign Service National Personal Services Contractors (FSNPSCs), and
- Foreign Service National direct hires (FSNDHs).

**c. Group Determinations**

**(1)** The Agency's determination to pay a recruitment incentive may be made on an individual or group basis. A B/IO may target groups of 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 written determination to offer a recruitment incentive on a group basis. All requirements under these guidelines must be met in order to pay a recruitment incentive to an individual employee in the covered group. Each employee in the group must be newly appointed in the Federal Government.

**(2)** The Agency's determination to pay a relocation incentive is normally made on a case-by-case basis. On a limited basis, case-by-case approval may be waived when the employee is a member of a group of employees who are subject to a mobility agreement or when a major organizational unit is being relocated to a new duty station (see **5 CFR 575.204(d)**). Under such a waiver, the Agency must specify the group of employees covered, the conditions under which the waiver is approved, and the period of time during which the waiver may be applied. Groups of employees must be approved for relocation incentives using the same criteria that apply to individuals. (See **5 CFR 575.206(b)**)

**5. Conditions of Payment**

Effective Date: 12/17/07

Conditions of payment are as follows:

**a.** B/IO management staffs are responsible for advising on the preparation of packages justifying the need for recruitment or relocation incentives, coordinating completed packages through the Head of the B/IO and HR, and identifying available funding for the incentive.

**b.** In preparing a request to grant a recruitment or relocation incentive to an individual, the recommending official, normally the immediate supervisor

- Submits a supporting justification that addresses the criteria for payment in section No. 6 of this reference;
- Completes a **Recruitment/Relocation Incentive Approval Form (AID Form 400-14)**;
- Obtains approval of the request from the Division Chief (or equivalent level) and the Head of the B/IO; and
- Forwards the package through the B/IO management staff to HR.

c. In preparing a request for a group-based recruitment or relocation incentive, the recommending official, normally the Head of the B/IO

- Defines, by using various factors, the targeted category of employees. Such factors may include occupational series, grade level, distinctive job duties, unique qualifications, and organization or team designation;
- Submits a supporting justification for the targeted category of employees, taking into account the criteria for payment specified in section No. 6, Criteria for Payment;
- Completes a **Recruitment/Relocation Incentive Approval Form (AID Form 400-14)** for each affected individual employee in the targeted category; and
- Forwards the package through the B/IO management staff to HR.

## 6. Criteria for Payment

Effective Date: 12/17/07

For each determination to pay a recruitment or relocation incentive, the requesting official must document in writing

- The basis for determining that the position is likely to be difficult to fill in the absence of a recruitment or relocation incentive;
- The basis for authorizing the incentive for an employee;
- The amount and timing of the incentive payments;
- The length of the required service period; and
- If this involves a relocation incentive, that the worksite of the new position is in a different geographic area than the previous position (or that a waiver was approved under **5 CFR 575.205(b)**) and that the employee established a residence in the new geographic area, as required by **5 CFR 575.205(b)**.

Except as provided in **5 CFR 575.208(b)**, USAID must make each decision to pay a relocation incentive on a case-by-case basis for each employee.

USAID may determine that a position will be difficult to fill if the Agency is likely to have difficulty recruiting candidates with the competencies, such as the knowledge, skills, abilities, behaviors, and other characteristics required for the position (or group of positions) in the absence of a recruitment incentive (based on consideration of the factors listed in **5 CFR 575.106(b)** or **5 CFR 575.206(b)**, as applicable). The Agency

also may determine that a position is likely to be difficult to fill if OPM has approved the use of a direct-hire authority applicable to the position (or group of positions) under **5 CFR part 337, subpart B**.

The Agency must consider the following factors in determining whether a position (or group of positions) is likely to be difficult to fill in the absence of a recruitment or relocation incentive and in documenting this requirement in writing (see **5 CFR 575.108** and **5 CFR 575.208**):

- The availability and quality of candidates possessing the competencies required for the position, including the success of recent efforts to recruit high-quality 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;
- The salaries typically paid outside the Federal government for similar positions;
- Recent turnover in similar positions;
- Employment trends and labor market factors that may affect USAID's ability to recruit highly qualified candidates for similar positions;
- Special or unique competencies required for the position;
- USAID's 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;
- The desirability of the duties, work or organizational environment, or geographic location of the position; and
- Other supporting factors.

**b.** The Agency must authorize recruitment and relocation incentives before the employee enters on duty in the position for which the employee was recruited or to which the employee is being relocated. **No incentives can be approved after entry into the new position.**

**c.** Under **5 CFR 575.205(b)**, an employee must establish a residence (temporary or permanent) in the new geographic area before the Agency pays the relocation incentive. The employee is responsible for providing HR with proof of residence in the new geographic area prior to the actual payment of the relocation incentive.

## 7. Payment of Incentives

Effective Date: 12/17/07

This section concerns payment of recruitment and relocation incentives.

- a. A recruitment or relocation incentive must not exceed 25 percent 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). With OPM's approval, this cap may be raised to 50 percent (based on a critical Agency need) as long as the total incentive does not exceed 100 percent of the employee's annual rate of basic pay at the beginning of the service period. (See [5 CFR 575.109\(c\)](#) and [209\(c\)](#))
- b. A recruitment or relocation incentive 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. The incentives are considered earnings for Federal, State, and local tax purposes.
- c. For the purpose of calculating a recruitment or relocation incentive, an employee's rate of basic pay includes a special rate under [5 CFR part 530, subpart C](#), a locality payment under [5 CFR part 531, subpart F](#), or similar payment under other legal authority, but excludes additional pay of any other kind.
- d. A recruitment or relocation incentive is not a part of the employee's rate of basic pay for any purpose, for example, retirement, life insurance, thrift savings, or lump-sum annual leave payments.
- e. A recruitment or relocation incentive is subject to the aggregate limitation on pay under [5 CFR part 530, subpart B](#).
- f. A recruitment incentive may be paid to an employee who has not yet entered on duty if the individual has accepted a written offer of employment and has signed a service agreement. (See [5 CFR 575.109\(d\)](#))
- g. Under [5 CFR 575.205\(b\)](#), an employee must establish a residence in the new geographic area before USAID may pay a relocation incentive.

## 8. Service Agreements

Effective Date: 12/17/07

Service agreement requirements are as follows:

- a. Before a recruitment incentive can be paid by USAID, the prospective employee must sign an agreement to fulfill a required service period with the Agency of not less



than six months and not more than four years before entrance on duty. (See **AID Form 400-15, Recruitment Incentive Service Agreement**)

**b.** Before USAID pays a relocation incentive, the employee must sign an agreement to fulfill a required service period with the Agency not to exceed four years upon relocation to the new duty station. There is no minimum period of employment under a relocation service agreement. (See **AID Form 400-16, Relocation Incentive Service Agreement**)

**c.** The service agreement for recruitment and relocation incentives must specify

- Length, commencement, and termination dates of the service period;
- Amount of the incentive;
- Method and timing of incentive payments;
- Conditions under which an agreement will be terminated by USAID;
- Any Agency or employee obligations if a service agreement is terminated (including the conditions under which the employee must repay an incentive or under which USAID must make additional payments for partially completed service); and
- Any other terms and conditions for receiving or retaining a recruitment or relocation incentive (see **5 CFR 575.110** and **5 CFR 575.210**).

Other types of information may be included in a service agreement including:

- Employee's work schedule, type of position, and the duties he or she is expected to perform.
- Extent to which periods of time on detail, in a non-pay status, or in a paid leave status are creditable towards the completion of the service period, with the exception of an employee who is on military leave without pay (see **5 CFR 575.110(f)** and **5 CFR 575.210(f)**).

**d.** The service period must begin upon the commencement of service with USAID and end on the last day of a pay period, unless delayed in accordance with conditions described in **5 CFR 575.110(b)**.

**e.** USAID must not pay multiple or concurrent recruitment, relocation, or retention incentives unless authorized by law or regulation (see **5 CFR 575.309 (g)**).

## 9. Termination of Service Agreement

Effective Date: 12/17/07

This section concerns requirements when terminating a service agreement.

### a. Discretionary

USAID may unilaterally terminate a recruitment or relocation incentive service agreement based solely on the management needs of the Agency. For example, a service agreement may be terminated when the employee's position is affected by a reduction in force, when there are insufficient funds to continue the planned incentive payments, or when the employee is assigned to a different position. In such cases, the employee is entitled to all incentive payments attributable to completed service and to retain any incentive payments already received that are attributable to uncompleted service.

### b. Mandatory

USAID must terminate a recruitment or relocation incentive service agreement if an employee is demoted or separated for cause, for example, for unacceptable performance or conduct; receives a rating of record lower than "Fully Successful," or equivalent during the service period, or otherwise fails to fulfill the terms of the service agreement, such as leaves the Agency on a voluntary basis during the incentive service period.

c. USAID must notify an employee in writing when it terminates a recruitment or relocation service agreement (see [5 CFR 575.111](#) and [5 CFR 575.211](#)). The termination of a service agreement is not grievable or appealable.

## 10. Repayment of Incentives

Effective Date: 12/17/07

This section covers requirements for repayment of recruitment and relocation incentives.

a. In such cases as described in section 9b, the employee must repay any portion of the incentive attributable to uncompleted service, except when USAID waives the requirement to repay the excess amount. See section [5 CFR 575.111\(h\),10\(c\)](#) and [5 CFR 575.211\(h\)](#) for waivers of repayment. USAID is not obligated to pay the employee any outstanding incentive payment attributable to completed service, unless such payment was required under the terms of the service agreement.

**Exception:** When the employee is separated as a result of material false or inaccurate statements, deception, or fraud in examination or appointment, or as a result of failing to meet employment qualifications, the employee must repay all recruitment incentives received under that service agreement (see [5 CFR 575.211\(f\)](#)).

b. The full amount of the authorized recruitment or relocation incentive must be prorated across the length of the service period to determine the amount attributable to completed service and uncompleted service. For additional information, see the **Calculating Maximum Recruitment and Relocation Incentives for Service Periods of Various Lengths fact sheet**.

c. Amounts owed by an employee will be recovered from the employee in accordance with Agency policy directives and required procedures for employee debt collection and recovery, found in **ADS 625, Accounts Receivable and Debt Collection**.

d. The Chief Financial Officer (M/CFO) is delegated the authority to waive the employee's debt under **5 U.S.C. 5514**, in whole or in part, if he or she determines that recovery would be against equity and good conscience or against the public interest. (See **ADS 625, Accounts Receivable and Debt Collection**)

e. An employee is not obligated to repay a recruitment or relocation incentive, if the employee

- Is involuntarily separated (for reasons other than misconduct or delinquency);
- Is promoted or reassigned to another position in USAID. However, the service agreement will be transferred with the employee, and if the employee fails to complete the remainder of the required service period, the employee must repay the portion of the incentive attributable to the uncompleted period; or
- If the employee's service agreement is terminated based on a management decision as described in section 9a.

## 11. **Records and Evaluation**

Effective Date: 12/17/07

a. Each determination to authorize a recruitment or relocation incentive must be documented on the **Recruitment/Relocation Incentive Approval Form (AID Form 400-14)**. A copy of the approved form is provided to the employee.

b. HR/CSP processes personnel actions (SF-50s) to direct the payment of a recruitment or relocation incentive and maintains records on each approved incentive for reporting and evaluation purposes. In addition, the original **Recruitment/Relocation Incentive Approval Form (AID Form 400-14)**, the signed **Recruitment or Relocation Incentive Service Agreement (AID Forms 400-15 or 400-16)**, and written justification must be filed in the e-Official Personnel Folder (e-OPF) of each employee receiving a recruitment or relocation incentive.

c. HR evaluates the use of recruitment and relocation incentives periodically to ensure that payments conform to OPM regulations and requirements set forth in this reference.

## 12. Authority and References

Effective Date: 12/17/07

These guidelines constitute the Agency's plan for authorizing the payment of recruitment and relocation incentives. This plan meets the requirements in 5 U.S.C. 5753 and 5 CFR 575, subparts A and B.

See also ADS 625, Accounts Receivable and Debt Collection.

The following forms, agreements, and reference are required to comply with the policy and procedures in this document.

- **Recruitment/Relocation Incentives Approval Form (AID Form 400-14)** (<http://inside.usaid.gov/forms/a400-14.doc>)
- **Recruitment Incentive Service Agreement (AID Form 400-15)** (<http://inside.usaid.gov/forms/a400-15.doc>)
- **Relocation Incentive Service Agreement (AID Form 400-16)** (<http://inside.usaid.gov/forms/a400-16.doc>)
- [Implementation Guidelines for Authorizing Appointments Above the Minimum Rate](#)

## 13. Definitions

Effective Date: 12/17/07

### **commuting area**

Commuting area is the geographic area that normally is considered one area for recruitment and 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 their usual employment. (Chapters 418 and 467)

### **different geographic area**

A position is considered to be in a different geographic area if the new position is 50 miles or more from the worksite of the position held immediately before the move. (Chapter 467)

### **employee**

Employee for the purpose of payment of a recruitment incentive means an individual who is "newly appointed" or to whom the Agency has made a written offer of

employment for a new appointment. "Newly appointed" refers to the individual's first appointment (regardless of tenure) as an employee of Federal Government, an appointment following a break in service of at least 90 days from a previous appointment as an employee of the Federal Government, or in certain cases, an appointment following a break in service of less than 90 days from a previous appointment as an employee of the Federal Government as described in 5 CFR 575.102. In return, the employee must sign an agreement to fulfill a period of service with the Agency of not less than six months and not more than four years before an incentive may be paid. All three branches are part of the Federal Government for this purpose. (Chapter 467)

Employee for the purpose of payment of a relocation incentive means a current employee of the Federal Government in a different agency and in a commuting area outside of metropolitan Washington, D.C., who will be appointed or assigned without a break in service of any length to the Agency. Relocation incentives do not apply to overseas assignments. (Chapter 467)

**involuntarily separated**

A separation initiated by the Agency against the employee's will and without the employee's consent for reasons other than cause or 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, but does not include a separation under 5 CFR Part 752 or an equivalent procedure for reasons that involve culpable wrongdoing on the part of the employee. (Chapter 467)

**rate of basic pay** (recruitment, retention, and relocation)

For pay-setting purposes, the rate of basic pay means the rate of pay fixed by law or administrative action for the position to which an employee is or will be appointed before deductions and including any special rate under 5 CFR part 530, subpart C or similar payment under other legal authority, and any locality payment under 5 CFR part 531, subpart F, or similar payment under other legal authority, but excluding additional pay of any other kind. (Chapter 467)

**recruitment incentive**

The dollar amount paid only to newly appointed employees as an inducement to accept an offer of employment from the Agency. A recruitment incentive is not part of an employee's rate of basic pay for any purpose. (Chapter 467)

**relocation incentive**

The dollar amount paid only to current Federal employees as an inducement to relocate from a different agency in a different geographic area to USAID (without a break in service).

**service agreement**

In conjunction with a recruitment incentive, means a written agreement between USAID and a newly-appointed employee under which the employee agrees to complete a specified period of employment with the Agency in return for payment of a recruitment incentive. (Chapter 467)

In conjunction with a relocation incentive, means a written agreement between USAID and an employee under which the employee agrees to complete a specified period of employment with the Agency at the new duty station in return for payment of a relocation incentive. (Chapter 467)

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