



REFERENCE GUIDE

REFERRAL BONUS FOR RECRUITMENT AND HIRING

Purpose

The purpose of this guidance is to provide broad guidelines for the use of Referral Bonus Awards. The award is used to provide incentives or recognition to employees who bring new talent into an agency by referring persons who are subsequently selected and successfully employed for hard-to-fill, mission-critical positions. Referral bonuses are granted, as with other awards, at the discretion of management and are not an entitlement. Each component and/or agency must determine whether the use of the referral bonus is appropriate and establish criteria for the award.

Discussion

1. APPLICABILITY

This guidance applies to all components and organizational entities within the Department of Defense.

2. ELIGIBILITY

All employees who meet the definition of “employee” in Title 5, U.S.C., Subpart A, Chapter 21, Section 2105 are eligible for referral bonus awards with the exception of:

- a) Employees whose regular, recurring, jobs include the recruitment of employees.
- b) Employees who are excluded from the receipt of incentive or time off awards under other agency or departmental award regulations.
- c) Selecting officials or other person associated with the selection of the candidate.
- d) Any of the following relatives of the employee recruited:
 - 1) spouse and parents thereof;
 - 2) children, including adopted children, and spouses thereof;
 - 3) parents;
 - 4) brother and sisters, and spouses thereof; and





- 5) any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship.

3. DEFINITIONS

- a) Component/Agency: Refers to the Department of the Army, Department of the Air Force, Department of the Navy and all 4th estate organizations.
- b) Newly Appointed: For the purpose of paying a referral bonus award, newly appointed refers to an employee's first appointment with an agency.

4. RESPONSIBILITIES

Each component or agency has the responsibility to:

- a) Set policy and provide overall technical guidance.
- b) Issue written regulations or guidance outlining eligibility.
- c) Identify positions for which referral bonus awards are offered.
- d) Publicize the availability of referral bonus awards (when applicable).
- e) Criteria for granting the award and timing of payment(s).
- f) Ensure that referral bonus awards are granted in accordance with the requirements set forth in this guidance and other applicable regulations.
- g) Monitor and access the program.
- h) Provide reports as requested.

5. PROCEDURES

- Award Amount -
Components and agencies must set limits for referral bonus and time off awards under this guidance. (Example: Maximum award amount for referral bonus is \$3,000, 24 hours time off, or a combination of both). When setting award amounts agencies must consider such things as:
 - the percentage of costs saved by avoiding certain recruiting expenses;
 - the efforts put forth by the employee to recruit an individual;
 - the difficulty of filling the position(s); and
 - other component, departmental and agency regulations

Note: Each component and agency should consider fiscal restraints when setting award limitations.



- Condition(s) for Payment of the Referral Bonus - Components and agencies must set payout options for referral bonus and time off awards under this guidance. (Example: lump sum or incremental payments).

Components and agencies must set payment schedule for referral bonus and time off awards under this guidance. (Example: paid at time of hire, after 6 months of satisfactory performance, or upon completion of a probationary period).

- Processing - Guidelines for processing referral bonus or time off awards are available in the Guide to Processing Personnel Actions, Chapter 29. Referral bonuses are processed as cash awards and are reported through the nature of action code 848. If time-off awards are used as referral bonuses, they are processed using the nature of action code 846.

- Award Restrictions - Components and agencies are responsible for adhering to any restrictions set forth in incentive award and time off award regulations when approving referral bonus awards for hard-to-fill, mission-critical positions.

Awards should only be granted when a determination has been made that there exists a difficulty in recruiting for these positions.

- Program Monitoring - Components and agencies are responsible for monitoring and assessing the usage of referral bonus and time-off awards.
- Reports - Each component and agency will conduct periodic reviews and evaluations of the usage of the awards to ensure payments comply with established guidance and criteria.

Upon request, each component and agency will report usage information to the Civilian Personnel Management Service and/or the U. S. Office of Personnel Management.



Components and agencies are responsible for maintaining appropriate records for reporting purposes.

References

Title 5, U.S. Code, Chapter 45, Section 4503

Title 5, Code of Federal Regulations, Part 451

Title 5, U.S. Code, Chapter 21, Section 2105