



Department of Defense INSTRUCTION

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USD(P&R)

SUBJECT: DoD Civilian Personnel Management System: Recruitment and Relocation Bonuses, Retention Allowances, and Supervisory Differentials

- References:**
- (a) Subchapter IV of chapter 57 and sections 3394 and 5312-5317 of title 5, United States Code
 - (b) Parts 231 and 575 of title 5, Code of Federal Regulations
 - (c) Assistant Secretary of Defense for Force Management and Personnel Memorandum, "Final Regulations on Recruitment and Relocation Bonuses, Retention Allowances, and Supervisory Differentials," November 20, 1992 (hereby canceled)
 - (d) Assistant Secretary of Defense for Force Management Policy Memorandum, "Revision of DoD Plan for Retention Allowances to Include Group Retention Allowance Authority," October 18, 1998 (hereby canceled)
 - (e) DoD Directive 1400.25, "DoD Civilian Personnel Management System," November 25, 1996
 - (f) DoD 7000.14-R, Volume 8, "Civilian Pay Policy and Procedures," October 1999

1. PURPOSE

a. Instruction. This Instruction is composed of several volumes, each containing its own purpose. The purpose of the overall Instruction is to establish and implement policy, establish procedures, provide guidelines and model programs, delegate authority, and assign responsibilities regarding civilian personnel management within the Department of Defense.

b. Volume. This Volume of this Instruction:

- (1) Implements DoD policy concerning recruitment and relocation bonuses, retention allowances, and supervisory differentials in accordance with References (a) and (b).
- (2) Supersedes and cancels References (c) and (d).

2. APPLICABILITY. This Volume applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter referred collectively to as “the DoD Components”).

3. POLICY. DoD policy is contained in DoD Directive 1400.25 (Reference (e)).

4. PROCEDURES. See Enclosure.

5. RELEASABILITY. UNLIMITED. This Volume is approved for public release and is available on the Internet from the DoD Issuances Web Site at <http://www.dtic.mil/whs/directives>.

6. EFFECTIVE DATE. This Volume is effective immediately.

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ENCLOSURE

PROCEDURES

1. RECRUITMENT AND RELOCATION BONUSES

a. Bonus Offer and Approval

(1) A recruitment bonus of up to 25 percent of basic pay may be offered to certain newly appointed employees. Except as specified in paragraphs 1.a.(6) and 1.a.(7) of this enclosure, the authority to approve recruitment bonuses is delegated through and subject to the authority of the Head of the DoD Component and the Component's chain of command to the official(s) who exercises personnel appointing authority (normally the head of an installation or activity).

(2) A relocation bonus of up to 25 percent of basic pay may be offered to certain current employees who must relocate to accept a position in a different commuting area. Except as specified in paragraphs 1.a.(6) and 1.a.(7) of this enclosure, the authority to approve relocation bonuses is delegated through and subject to the authority of the Head of the DoD Component and the Component's chain of command to the official(s) who exercises personnel appointing authority (normally the head of an installation or activity).

(3) Recruitment and relocation bonuses may be paid provided there is a written determination by the approving official that, in the absence of such a bonus, difficulty would be encountered in filling the position.

(4) Recruitment and relocation bonuses, including the amount of such bonuses, shall be reviewed and approved by an official who is at a higher level than the official making the bonus offer unless no official at a higher level exists in the agency. To make a timely offer of employment, an approving official may establish criteria for offering recruitment bonuses in advance and authorize the recommending official to offer a recruitment bonus (in any amount within a pre-established range) to any candidate without further review or approval. Designations to make such offers must be in writing and be included in local operating guidance.

(5) Prior to approval of any bonus, approving officials shall establish criteria for such offers to comply with Office of Personnel Management (OPM) regulations at parts 575.104 and 575.204 of Reference (b) and to ensure consistent treatment of employees in similar situations. These criteria must also comply with Volume 8 of DoD 7000-14-R (Reference (f)).

(6) Only the Secretary or Deputy Secretary of Defense may approve recruitment and relocation bonuses for:

- (a) Individuals appointed to Schedule C positions as defined in part 213 of Reference
- (b).

(b) Non-career appointees in the Senior Executive Service (including limited-term and limited-emergency appointments requiring the coordination of the Special Assistant to the Secretary of Defense/Chief-of-Staff) as defined in section 3394 of Reference (a).

(c) Individuals in positions paid pursuant to sections 5312 through 5317 of Reference (a).

(7) The authority to approve recruitment and relocation bonuses for all other Senior Executive Service positions is delegated to the Head of the DoD Component. This official may further delegate in writing authority to appropriate levels consistent with existing pay administration policy.

b. Service Agreement for a Recruitment Bonus. Before a recruitment bonus may be paid pursuant to subpart A of part 575 of Reference (b), the employee offered such a bonus must sign a written service agreement to complete a specified period of employment with the DoD Component. The minimum period of the service agreement pursuant to part 575.106(b) of Reference (b) is 6 months. However, where appropriate using criteria established by the approving official, an offering official is encouraged to seek agreements requiring a period of service beyond 6 months. Failure by the individual to complete the service agreement will obligate the employee to a pro rata repayment of the recruitment bonus.

c. Service Agreement for a Relocation Bonus

(1) Except as provided in paragraph 1.c.(2) of this enclosure, the minimum period of service should be 6 months. However, where appropriate using criteria established by the approving official, an offering official is encouraged to seek agreements requiring a period of service beyond 6 months. Failure by the individual to complete the service agreement will obligate the employee to a pro rata repayment of the relocation bonus.

(2) In the case of a temporary change in duty station for less than 6 months, a service agreement may provide for a shorter minimum period of employment.

d. Payment of a Recruitment or Relocation Bonus. A recruitment or relocation bonus pursuant to sections under parts 575.105 or 575.205 of Reference (b), respectively, shall be calculated as a percentage (not to exceed 25 percent) of the employee's annual rate of basic pay as defined in parts 575.103 and 575.203 of Reference (b) and paid as a lump sum in accordance with Reference (f).

e. Repayment of Recruitment or Relocation Bonus. In addition to the criteria listed in parts 575.107 and 575.207 of Reference (b), payments made for periods of time that are not completed in accordance with individual service agreements are overpayments and are subject to the debt collection process outlined in Reference (f). Also as provided in the above cited provision, recovery of an employee's debt may be waived in whole or in part by an approving official if he or she determines that recovery would be against equity and good conscience or against the public interest.

f. Program Oversight and Evaluation. The Deputy Under Secretary of Defense for Civilian Personnel Policy (DUSD(CPP)) is responsible for the oversight, evaluation, and, execution of this policy throughout the Department of Defense. Each Component will furnish the DASD(CPP) a copy of Component implementing guidance when issued.

g. Documentation and Records. Each approving official is responsible for ensuring that the basis for any recruitment or relocation bonus is documented in accordance with part 575 of Reference (b). Documentation shall be available for review and submission upon request. In addition, on a fiscal year basis, each delegated approving official shall compile and maintain a record of:

- (1) The number of recruitment or relocation bonuses offered and the number accepted;
- (2) The percentage of salary offered and accepted in each individual case; and
- (3) A summary statement assessing the effect of the bonus authority on the ability to fill key positions with qualified candidates in a timely manner.

2. RETENTION ALLOWANCES

a. Allowance Offer and Approval

(1) A retention allowance of up to 25 percent of basic pay may be offered to certain current employees in order to retain their services. The approving officer must certify in writing that unusually high or unique qualifications of the employee or a special need of the agency for the employee's services makes it essential to retain the employee and, absent a retention allowance, the employee would be likely to leave the Federal service.

(2) Except as specified in paragraphs 2.a.(5) through 2.a.(7) of this enclosure, the authority to approve a retention allowance is delegated through and subject to the authority of the Head of the DoD Component and the Component's chain of command to the official who exercises personnel appointing authority (normally the head of an installation or activity).

(3) Retention allowances, including the amount of such allowances, shall be reviewed and approved by an official who is at a higher level than the official making the allowance offer unless no official at a higher level exists in the agency. Designations to make such offers must be in writing and be included in local operating guidance.

(4) Prior to approval of any allowance, approving officials shall establish criteria for such offers to comply with part 575.305 of Reference (b) and to ensure consistent treatment of employees in similar situations. Criteria applied in each case when determining to authorize the retention allowance and the amount of the payment must comply with those established by OPM pursuant to part 575.305(c) of Reference (b).

(5) Only the Secretary or Deputy Secretary of Defense may approve a retention allowance for:

(a) Individuals appointed to a Schedule C position as defined in part 213 of Reference (b);

(b) Non-career appointees in the Senior Executive Service (including limited-term and limited-emergency appointments that require the coordination of the Special Assistant to the Secretary of Defense/Chief-of-Staff as defined in section 3394 of Reference (a); and

(c) Individuals in positions paid pursuant to sections 5312 through 5317 of Reference (a).

(6) The authority to approve retention allowances for all other Senior Executive Service positions is delegated to the Head of the DoD Component. This official may further delegate authority to appropriate levels consistent with existing pay administration policy.

(7) Requests for the authorization of group retention allowances pursuant to part 575.305(d)(1) of Reference (b) for allowances of up to 10 percent of basic pay must be coordinated with all other DoD Components having similarly-situated employees (i.e., within the commuting area) prior to submission through the Head of the Component to the DUSD(CPP) for final approval. Requests for OPM approval of group retention allowances pursuant to part 575.305(d)(2) of Reference (b) for allowances in excess of 10 percent of basic pay must be coordinated with all other DoD Components having similarly situated employees and include the material listed in parts 575.305(d)(2)(i) through (v) of Reference (b) before submission through the Head of the Component to the DUSD(CPP).

(8) An employee who has reached an agreement with an employing DoD Component to accept a voluntary separation incentive pursuant to section 5597 of Reference (a) may not be considered for or continue to receive a retention allowance.

b. Payment of Retention Allowance. A retention allowance shall be paid in the same manner and at the same time as basic pay although it shall not be considered a part of basic pay for any purpose, including a lump-sum payment for annual leave pursuant to section 5551 or 5552 of Reference (a).

c. Responsibilities

(1) The requirements for oversight, evaluation, documentation, and record keeping for retention allowances are the same as those required for recruitment and relocation bonuses in paragraphs 1.f. and 1.g. of this enclosure.

(2) At least every 12 months, approving officials shall make a written determination of whether the allowance is still warranted and that the conditions giving rise to the original determinations still exist. In addition, officials shall establish procedures to review the

appropriateness of payments whenever the conditions that originally prompted the payment have significantly changed, including significant increases in basic pay.

d. Supervisory Differentials

(1) Delegation and Use of Authority

(a) Except as provided in paragraph 2.d.(1)(d) of this enclosure, the authority to approve payment of supervisory differentials pursuant to section 5755 of Reference (a) is delegated through and subject to the authority of the Head of the DoD Component and the Component's chain of command to the official who exercises personnel appointing authority (normally the head of an installation or activity).

(b) Supervisory differentials, including the amount of such differentials, shall be reviewed and approved by an official who is at a higher level than the official making the initial decision unless no official at a higher level exists in the agency. Designations to make such offers must be in writing and be included in local operating guidance.

(c) Approving officials shall establish criteria for such differentials to comply with part 575.404 of Reference (b) and to ensure consistent treatment of employees in similar situations. Criteria applied in each case when determining to authorize the supervisory differential and the amount of the payment must comply with that established by OPM pursuant to part 575.404(b) of Reference (b).

(d) Only the Secretary or Deputy Secretary of Defense may approve a supervisory differential for an individual appointed to a Schedule C position as defined by part 213 of Reference (b).

(2) Eligibility Criteria

(a) A supervisory differential may be paid to a General Schedule employee who supervises one or more civilian employees not covered by the General Schedule if one or more of these subordinate civilian employees would, in the absence of such a differential, be paid more than the supervisory employee. The differential may be paid to an employee who meets the definition of supervisor in section 7103(a)(10) of Reference (a) and the criteria in section 5755 of Reference (a).

(b) A supervisory differential shall be paid in the same manner and at the same time as basic pay although it shall not be considered a part of basic pay. The supervisory differential may not cause the supervisor's annual continuing pay to exceed the annual continuing pay of the highest paid subordinate by more than three percent.

(c) For the purposes of this Volume, a supervisory differential is not payable to an employee to whom chapter 51 of Reference (a) does not apply.

(d) The supervision of a nonappropriated fund employee does not provide a basis for payment of a supervisory differential.

(e) A supervisory differential is not payable if the subordinate is a foreign national (direct- or indirect-hire) employee.

(3) Reduction or Termination. An approving official may alter or terminate a supervisory differential at his or her discretion. In addition to the criteria listed in part 575.406 of Reference (b), if required reductions and terminations are not made in a timely manner, the resulting payments are overpayments and are subject to the debt collection process outlined in Reference (f).

(4) Documentation and Records. Each approving official is responsible for ensuring that the basis for awarding, adjusting, or terminating any supervisory differential is documented. Such documentation shall contain sufficient information to allow reconstruction of the action, including the basis for determining the amount of the differential and the comparison of continuing pay required by part 575.405(b) of Reference (b).