



OFFICE OF THE UNDER SECRETARY OF DEFENSE
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WASHINGTON, D.C. 20301-4000

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PERSONNEL AND
READINESS

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
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DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DEFENSE FIELD ACTIVITIES

Subject: Implementation of Extended Assignment Incentives

Section 5757 of title 5, United States Code (5 U.S.C. 5757), "Extended Assignment Incentive," authorizes the payment of extended assignment incentives. This pay flexibility enables management to retain the services of well-qualified employees in positions located in territories or possessions of the United States, the Commonwealth of Puerto Rico, and the Commonwealth of the Northern Mariana Islands.

On September 12, 2003, the Office of Personnel Management published interim regulations to implement 5 U.S.C. 5757. Before paying an extended assignment incentive, an agency is required to establish a plan for using this authority. The attached guidance implements the policy and procedures for authorizing the payment of extended assignment incentives within the Department of Defense.



This memorandum is effective immediately. Subchapter 575 of the DoD 1400.25-M, "Department of Defense Civilian Personnel Manual" is being modified to incorporate the policy on extended assignment incentives, as delineated in the attachment.

A handwritten signature in black ink, appearing to read "Charles S. Abell". The signature is fluid and cursive, with the first name "Charles" being the most prominent.

Charles S. Abell

Principal Deputy

Attachment:

As stated

Department of Defense Plan

Extended Assignment Incentives Guidance and Procedures

A. General Information

1. Section 207 of the 21st Century Department of Justice Appropriations Authorization Act for Fiscal Year 2002, Pub. L. 107-273 (November 2, 2002), added section 5757, "Extended Assignment Incentive," to subchapter IV of chapter 57 of title 5, United States Code (U.S.C.).
2. Section 5757 of title 5, U.S.C., and Subpart E of Part 575 of Title 5, Code of Federal Regulations (CFR), establish the statutory and regulatory authority for the payment of extended assignment incentives. Section 5757(a) permits the head of an Executive agency to pay extended assignment incentives. This guidance implements this authority and establishes the parameters for the use of the incentive within the Department of Defense (DoD).
3. An extended assignment incentive is a pay flexibility that may be used to retain certain employees in positions located in a territory or possession of the United States, the Commonwealth of Puerto Rico, or the Commonwealth of the Northern Mariana Islands for an additional period of employment beyond their initial tour of duty. A determination must be made that it is in the Government's interest to retain the employee and that it would be difficult to fill the position with another employee who possesses the required qualifications and experience.
4. Any employee who meets the definition of "employee" under 5 U.S.C. 2105 is eligible to receive an extended assignment incentive, including employees in General Schedule positions, senior-level and scientific or professional positions, Senior Executive Service positions, and prevailing rate positions covered by the Federal Wage System. However, an incentive may not be extended to an otherwise eligible employee who is receiving a recruitment, relocation, or retention incentive.

B. Responsibilities

1. Designees: Except as provided in Section B.2., the Secretaries of the Military Departments and heads of Defense Agencies and DoD Field

Activities with independent appointing authority for themselves and their serviced organizations may approve extended assignment incentive payments. These designees may redelegate this authority, in writing, to managers and supervisors for use in accordance with this guidance.

2. Only the Secretary or the Deputy Secretary of Defense may approve the incentive for non-career appointees in the Senior Executive Service (including limited-term and limited-emergency appointments, as defined in 5 U.S.C. 3394, requiring the coordination of the Special Assistant to the Secretary of Defense/Chief of Staff).
3. Components must follow the guidelines and procedures established in this plan for the use of this authority before authorizing the payment of an incentive. This plan outlines the criteria that must be met or considered in authorizing the incentive, including the criteria for determining the amount of a payment. The amount may not exceed the maximum statutory limitations established under 5 U.S.C. 5757(b).

C. Approval Procedures

1. Requesting officials must provide the authorizing official a written determination that justifies the incentive and the payment amount.
2. The written justification must explain that it is in the Government's interest to retain the employee, and that it would be difficult to fill the position with another employee who possesses the required qualifications and experience (see 5 CFR 575.505). In determining whether it is in the best interest of the Government to retain the employee, the justification may address how the employee's departure would affect the agency's ability to carry out an activity or perform a function that has been deemed mission-critical.
3. Examples of sources that can be used to justify approval for an extended assignment incentive are:
 - Results from past recruitment efforts (e.g., extended announcement periods),
 - Outcomes from utilizing different hiring authorities,
 - Forecasted workforce needs, and
 - Employment trends.
4. The written determination must be reviewed and approved by an official who is at a higher level than the official proposing the incentive unless

no higher level exists. Each determination must be made on a case-by-case basis.

5. The incentive may not be offered or paid to an employee under any of the following circumstances:
 - a. An employee who has not completed at least 2 years of continuous service in one or more civil service positions in the particular territory, possession, or commonwealth immediately before a service agreement is executed.
 - b. An employee who was not required to relocate from outside the particular territory, possession, or commonwealth in order to accept the position that he/she now occupies.
 - c. An employee whose official duty station is located in the same territory, possession, or commonwealth as his actual place of residence.
 - d. An otherwise eligible employee who is fulfilling the requirements of a service agreement for the payment of a recruitment or relocation incentive or who is receiving a retention payment.

D. Payment Procedures

1. Before payment of an incentive, the employee must sign a written service agreement to complete a specified period of additional employment with the Component. The period of service must begin on the first day of a pay period and end on the last day of a pay period.
2. In addition to the above-specified period of employment, the service agreement must also include the amount of the incentive which will be paid throughout the service period on a biweekly basis. The attached service agreement contains the information required by this plan. Upon approval from the USD(P&R), Components may amend their service agreements to include other terms and conditions of employment under which the extended assignment incentives will be paid.
3. An extended assignment incentive shall be paid in the same manner and at the same time as basic pay although it shall not be considered as basic pay for any purpose. The amount of the payment may not exceed the greater of 25 percent of the employee's annual rate of basic pay at the beginning of the service period times the number of years in the service

period; or \$15,000 per year in the service period. The maximum service period for which an incentive may be paid is 5 years.

4. An extended assignment incentive payment is subject to the aggregate limitation on pay established by 5 U.S.C. 5307.
5. To initiate payment, the approving official must send a copy of the written service agreement to the supporting human resources office that will forward the agreement to the Defense Finance and Accounting Service. A copy of the agreement will also be placed in the employee's official personnel file.
6. Extended assignment incentive payments will be issued only during periods for which the employee receives payment for basic pay. The payments will be suspended during any period of leave without pay extending over one or more full pay periods.

E. Termination

1. A Component may terminate an extended assignment incentive payment before an employee completes the period of service specified in an agreement for budgetary reasons, workforce restructuring, and separations, other than for misconduct. The authorizing official must notify an employee in writing of the termination of the agreement. In these situations, payment will stop at the beginning of the next pay period after notice is given, and previous payments are not subject to repayment.
2. If employment is terminated for cause on charges of misconduct, delinquency, or inefficiency, the employee is liable for all incentive payments received. Those payments will be considered overpayments and will be subject to the debt collection process as outlined in the DoD 7000.14-R, Volume 8.

F. Documentation

Each Component will establish procedures to ensure that the justification for each extended assignment incentive is documented and records are maintained in accordance with 5 CFR 575.515.

G. Reporting Requirements

The Components will maintain the following information on a fiscal year basis and will provide these data to DoD upon request:

- Number of extended assignment incentive agreements executed each fiscal year, by occupational series, geographic location, and agreed-upon service period;
- Total cost of the incentives in each fiscal year;
- Number of employees who declined an incentive, by occupational series and geographic location;
- Number of employees whose agreements were terminated early due to involuntary separation or involuntary reassignment, termination based solely on the business needs of the agency, and failure of the employee to complete the service agreement;
- Number of employees who incurred repayment debts; and
- Summary statement assessing the effect of the incentive authority on the activity's ability to retain employees longer than their initial tour at their current duty stations.

H. Accountability

1. The Deputy Under Secretary of Defense (Civilian Personnel Policy) (DUSD(CPP)) is responsible for oversight and evaluation of the policy throughout the Department.
2. Designees (see Section B) are responsible for the appropriate and effective use of this authority to support mission requirements.

**DEPARTMENT OF DEFENSE
EXTENDED ASSIGNMENT INCENTIVE SERVICE AGREEMENT**

Authority: Section 5757 of title 5, United States Code (5 U.S.C. 5757)

Under provisions of the above authority, an Extended Assignment Incentive is authorized for prospective employment as follows:

Employee _____

Location _____

Position Title, Pay Plan, Series and Grade _____

Total Incentive (In dollars) _____

Effective Date _____

Expiration Date _____

EMPLOYEE'S STATEMENT

- a. As a condition of accepting payment, I will serve with the (Insert DoD Component/Activity Name) from the effective date through the expiration date of this agreement, unless the agreement is terminated sooner as indicated below.
- b. The incentive will be paid in the same manner and at the same time as my basic pay. The incentive is not considered as basic pay for any purpose.
- c. The effective date of the incentive is the beginning of the first pay period that begins on or after the date of this agreement and terminates on the last day of the pay period.
- d. The incentive will be suspended during any period of leave without pay extending over one or more full pay periods. A suspension will reduce the amount of the total incentive unless the authorized approving official grants an exception.
- e. If my employment at (Insert DoD Component/Activity Name) is terminated during the period of the agreement for budgetary reasons, workforce restructuring, or separation, but not as a result of my misconduct, delinquency, or inefficiency, I will be entitled to retain that portion of the incentive earned to the date of

termination. I will not be entitled to the portion of the incentive attributable to the uncompleted period of service.

f. If my employment at (Insert DoD Component/Activity Name) is terminated during the period of the agreement as a result of my misconduct, delinquency, or inefficiency, I will be required to refund the total amount received under the agreement.

g. The agreement does not in any way commit the government to continue my employment.

Employee

(Signature)

(Typed name)

(Pay plan/grade)

(Date)

Proposing Official

(Signature)

(Typed name)

(Pay plan/grade and title)

(Date)

Approving Official

(Signature)

(Typed name)

(Pay plan/grade and title)

(Date)