



PERSONNEL AND
READINESS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
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Subject: Implementation of Recruitment, Relocation, and Retention Incentives

Sections 5753 and 5754 of title 5, United States Code (U.S.C.), have been amended to provide new authorities to provide recruitment, relocation and retention (RRR) incentives. On May 13, 2005, the Office of Personnel Management published interim regulations to implement 5 U.S.C. 5753 and 5754.

Before paying these incentives, an agency is required to establish a plan. The attached guidance provides an interim plan for authorizing the payment of these incentives within the Department of Defense. This memorandum is effective immediately.

The interim plan continues the Department's previous policies on RRR incentives, making only those changes required to conform to the new requirements of Part 575 of title 5, Code of Federal Regulations (i.e., calculating recruitment and relocation incentive amounts based on the length of the required service period, requiring that service agreements be terminated and the full amount of the incentive be repaid if an employee's rating falls below Fully Successful, and excluding noncareer Senior Executive Service members and employees appointed to Schedule C positions from eligibility). The expanded authorities that are available under 5 U.S.C. 5753 and 5754 (e.g., to pay incentives that exceed 25 percent of an employee's basic pay, and to pay incentives in



installments) will be addressed in a subsequent plan that will be coordinated with DoD Components before issuance.



Charles S. Abell
Principal Deputy

Attachment:
As stated

**Department of Defense
Interim Plan and Procedures
Recruitment, Relocation, and Retention Incentives**

A. General Information

1. Section 101 of the Federal Workforce Flexibility Act of 2004 (the Act) (Public Law 108-411, October 30, 2004) amended sections 5753 and 5754 of title 5, United States Code (U.S.C.), by providing new authorities to make recruitment, relocation, and retention payments.
2. On May 13, 2005, the Office of Personnel Management (OPM) issued interim regulations, implementing the provisions of 5 U.S.C. 5753 and 5754 by replacing the existing regulations at part 575, subparts A, B, and C, of title 5, Code of Federal Regulations (CFR). Part 575, subpart A, authorizes the payment of a recruitment incentive to an employee newly appointed to a position that is likely to be difficult to fill in the absence of an incentive. Part 575, subpart B, authorizes the payment of a relocation incentive to a current employee who must relocate to a new geographic area to accept a position that is likely to be difficult to fill in the absence of an incentive. Part 575, subpart C, authorizes the payment of a retention incentive to a current employee with unusually high or unique qualifications or when there is a special need of the agency for the employee's continued service, when the employee is likely to leave in the absence of an incentive.
3. In addition, the Act amended 5 U.S.C. 5753(b) to allow OPM to authorize recruitment incentives for current employees who move to positions in the same geographic area. The Act also amended 5 U.S.C. 5754 to allow OPM to authorize retention incentives for current employees who would be likely to leave their positions for different positions in the Federal service. OPM officials, in coordination with the Chief Human Capital Officers Council, have agreed that, before OPM issues any rules providing agencies with the authority to pay incentives in interagency movements, comments from interested parties should be requested and considered. Therefore, the OPM regulations do not provide agencies with the authority to pay recruitment or retention incentives to current employees in interagency movements.
4. This interim policy modifies Subchapter 575, Recruitment and Relocation Bonuses; Retention Allowances; and Supervisory Differentials, in DoD 1400.25-M, Civilian Personnel Manual, December 1996, by superseding the guidance in SC575.4.1 through SC575.4.2.3.2.

5. Designees. Secretaries of the Military Departments and the heads of Defense Agencies and DoD Field Activities with independent appointing authority are hereby delegated the authority to approve recruitment, relocation, and retention incentives for themselves and their serviced activities. This authority may be further delegated, in writing, to managers and supervisors (hereafter referred to as “authorizing officials”) for use in accordance with this guidance.
6. Employees eligible for the incentives include those assigned to General Schedule, senior-level and scientific or professional (paid under 5 U.S.C. 5376), Senior Executive Service, Executive Schedule, law enforcement officer, prevailing rate positions, and positions to which OPM has extended eligibility (see attachment to this plan).
7. Employees who are ineligible for incentives include employees in:
 - a. Positions to which an individual is appointed by the President, either by and with the advice and consent of the Senate, or without the advice and consent of the Senate;
 - b. Positions in the Senior Executive Service as a noncareer appointee (as defined in 5 U.S.C. 3132(a)); or
 - c. Positions excepted from the competitive service by reason of their confidential, policy-determining, policy-making, or policy-advocating nature.
8. This policy applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of 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 in the Department (hereafter collectively referred to as the “DoD Components”).

B. Incentive Requirements and Approval Procedures

1. Incentives must be approved by an authorizing official who is at least one level higher than the employee’s (or group of employees, if applicable) supervisor unless there is no official at a higher level in the DoD Component. The requirement to obtain higher-level approval does not apply when criteria have been set in advance to ensure the timely payment of recruitment incentives, when an authorizing official has waived case-by-case consideration of relocation bonuses under the provisions of 5 CFR

575.208(b), or when group retention incentives have been previously authorized for the applicable category of employees.

2. Recruitment and relocation incentives may be paid provided there is a written determination that the position is likely to be difficult to fill in the absence of the incentive. For relocation incentives, the written determination must also document that the employee's new position is not in the same geographic area as the worksite of the position held before the move (or that the authorizing official has approved a waiver under 5 CFR 575.205(b)), and that the employee has established a residence in the new geographic area. Retention incentives may be paid provided there is a written determination that the unusually high or unique qualifications of the employee or a special need of the organization for the employee's services makes it essential to retain the employee, and absent a retention incentive, that the employee would be likely to leave the Federal service.
3. In determining whether to authorize an incentive, authorizing officials must consider a number of factors, as applicable to the case at hand. These factors include employment trends and labor-market factors, non-Federal salaries paid for similar positions, special or unique competencies required for the position, agency efforts to use non-pay authorities, and the desirability of the duties, work or organizational environment, or location of the position. (See 5 CFR 575.106(b), 575.206(b), 575.306(b), and 575.306(c)). The written determination authorizing the incentive must specifically address one or more of these factors, or other pertinent factors, and must address the basis for determining the amount of the incentive and (for recruitment and relocation incentives) the basis for the length of the required service period.
4. Incentives may be paid only when the employee's rating of record (or an official performance appraisal or evaluation under a system not covered by 5 U.S.C. chapter 43 or 5 CFR part 430) for the position held immediately before the move is at least "Fully Successful" or equivalent. (See 5 CFR 575.111(b), 575.205(c), 575.211(b), 575.305(d), and 575.311(b) and (g)(4).)
5. An employee selected to receive a recruitment or relocation incentive must sign an agreement stating the terms, limitations, or conditions of service, prior to receiving any payments.
6. The service agreement will:
 - a) State the period of service agreed to by the employee;

- b) State the beginning and ending dates of the service period and the total amount authorized for payment. Service periods must begin on the first day of a pay period and end on the last day of a pay period, unless service with the Department does not begin on the first day of a pay period (See 5 CFR 575.110(b)(2));
 - c) State the total amount and method of payment of the incentive, to include the percent of each incentive payment for retention incentives;
 - d) State the conditions under which the Department must terminate the agreement (i.e., if an employee is demoted or separated for cause, or receives a rating of record of less than "Fully Successful"). The agreement may include other terms or conditions that, if violated, also will result in termination of the service agreement; and
 - e) State the consequence of decisions to terminate service agreements.
7. An employee who fails to complete the period of service specified in the service agreement for the reasons stated in B.6.d. must reimburse the Department for the amount of all benefits received under the existing agreement that are in excess of the amount attributable to completed service.
 8. An employee who fails to complete the period of service because the authorizing official unilaterally terminates a service agreement based solely on a management need is entitled to all incentive payments already received.
 9. An authorizing official may unilaterally terminate service agreements based solely on management needs, such as reduction in force or insufficient funds (See 5 CFR 575.111 and 575.211). Service agreements must be terminated when an employee is demoted or separated for cause or receives a rating of record of less than "Fully Successful" or equivalent.
 10. The authorizing official must notify an employee in writing when an employee's service agreement is terminated. Decisions to terminate agreements may not be grieved or appealed.
 11. The debt collection process for continuing employees is outlined in DoD 7000.14-R, Department of Defense Financial Management Regulation

(DoDFMR), Volume 8, while that for debtors no longer in Government service is found in DoDFMR, Volume 5.

12. Recruitment and relocation incentives of up to 25 percent of an employee's annual rate of basic pay at the beginning of the service period (to include either locality pay or a special rate supplement) may be paid if the employee signs a written service agreement (under the provisions of 5 CFR 575.110 and 575.210) to complete a period of not less than six months nor more than four years of employment with the Department.
 - a. The Department will pay recruitment and relocation incentives in a lump-sum at the beginning of the service period specified by the agreement.
 - b. As specified in 5 CFR 575.109(b)(1) and 575.209(b)(1), the maximum recruitment or relocation incentive that may be paid is proportionate to the length of the service period. However, no incentive greater than 25 percent may be paid under this interim plan.

13. Retention incentives up to 25 percent of an employee's basic pay (to include locality payments or special rate supplements) may be paid to employees likely to leave the Federal service in the absence of the incentive.
 - a. The percentage will be determined by the authorizing official based on one or more of the criteria listed in 5 CFR 575.306(b) and in B.3. of this policy.
 - b. All retention incentives will be paid in biweekly installments derived by multiplying the rate of basic pay the employee earns in an installment period by the percentage established for the employee.
 - c. Service agreements are not required for retention incentives paid in biweekly installments paid as specified in this section.

C. Documentation

1. Each authorizing official is responsible for ensuring that each incentive is documented and records are maintained in accordance with 5 CFR, Part 575, and this plan.

2. Incentives will be processed in the Defense Civilian Personnel Data System (DCPDS) in accordance with OPM processing instructions.

D. Reporting Requirements

1. Data from DCPDS will be the primary source of numerical information on use of incentive authorities.
2. DoD Components will provide narrative reports on use of incentive authorities as required to meet OPM reporting requirements. (See 5 CFR 575.113(b), 575.213(b), and 575.313(b).)

E. Accountability

1. The Heads of DoD Components shall ensure appropriate and effective use of these authorities to support mission requirements.
2. The Authorizing Officials shall:
 - a. Determine which positions require the payment of an incentive;
 - b. Annually review retention incentives, adjust payment amounts as warranted by conditions that have changed since the incentive was authorized, and record the results of this review in writing;
 - c. Terminate recruitment or relocation incentive service agreements and retention incentive payments consistent with this policy; and
 - d. Keep accurate records of written determinations.

**RECRUITMENT, RELOCATION, AND RETENTION INCENTIVES:
COVERAGE OF NON-GENERAL SCHEDULE EMPLOYEES
UNDER SINGLE-AGENCY PAY SYSTEMS**

Upon the request of the head of an Executive agency, OPM may approve coverage under the recruitment, relocation, and retention incentive authorities of one or more categories of non-General Schedule employees in a single agency. (See 5 U.S.C. 5753(a)(1)(B) and 5754(a)(1)(B) and OPM regulations at 5 CFR 575.103(g), 575.203(g), and 575.303(g).) The following list shows the categories of employees approved by OPM under this authority.

Agency	Employees	Original Approval Date
Agriculture	AD (administratively determined) employees paid under 7 U.S.C. 426a, b, and c and appointed under 5 CFR 213.3113(a)(1)	04/27/1995
Commerce	NOAA marine wage employees	10/23/1992
	AD and GG employees (Census Bureau)	05/05/1998
Corporation for National Service	AD employees paid under 42 U.S.C. 12653h(c)(3)	09/15/1993
	Employees under Corporation for National Service alternative personnel system authorized by the National Community Service Trust Act of 1993 (Public Law 103-82)	12/01/1995
Defense	Employees appointed under enabling legislation for National Security Agency, Defense Intelligence Agency, and Civilian Intelligence Personnel Management System	11/17/1991
	Employees appointed under enabling legislation for USNA, Naval War College, Naval Postgraduate School, Army War College, Air Force Institute of Technology, and Air University	12/31/1991
	Navy marine wage employees	06/25/1992
	Faculty and staff of USUHS	10/19/1992
	Employees of section 6 schools	01/15/1993
	Employees under the Department of the Navy's Space and Warfare Command and Naval Air Warfare Center Weapons Division alternative personnel system	05/30/2001

	Professional educators in the Department of Defense Education Activity paid under 20 U.S.C. chapter 29	12/04/2001
	Employees of the Defense Language Institute Foreign Language Center (DLIFLC) Faculty Personnel System covered by 10 U.S.C. 1595	02/18/2005
Energy	Power system dispatchers	01/15/1993
	Wage board employees of the (1) Bonneville Power Administration whose pay is negotiated under the Bonneville Project Act of 1937 (16 U.S.C. 8321); (2) Southwestern Power Administration whose pay is negotiated under the Department of Interior secretarial Order No. 19865, August 31, 1943; and (3) Western Area Power Administration whose pay is negotiated under section 9(b) of Public Law 92-392 and section 704 of Public Law 95-454	01/13/2000
	Scientific, engineering, technical, and professional employees paid under section 621(d) of the Department of Energy Organization Act (pay plan EJ), section 3161 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103-337) (pay plan EK), and section 3241 of the National Defense Authorization Act for Fiscal year 2000 (Public Law 106-65) (pay plan EN)	05/22/2001
Environmental Protection Agency	Employees appointed to a position under the administratively determined (AD) pay authority established by the Safe Drinking Water Act Amendments (Public Law 95-190, November 16, 1977).	08/21/2002
Education	Senior managers and technical and scientific employees in the Office of Student Financial Assistance Programs appointed and paid under the Higher Education Act of 1998 (Public Law 105-44)	09/30/1999
Health and Human Services	Employees appointed to the Senior Biomedical Research Service under 42 U.S.C. 237	04/20/1999
Interior	Prevailing rate employees whose pay is negotiated under section 9(b) of the Government Employees Prevailing Rate Systems Act, Public Law 92-392, and section 704 of the Civil Service Reform Act, Public Law 95-454	05/04/2001
International Broadcasting Bureau	Non-U.S. citizen employees appointed under 22 U.S.C. 1474(1) and the Smith-Mundt Act (Public Law 80-402). Employees are excepted service paid under chapter 18 of title 22, United States Code (Public Law 101-249, February 16, 1990).	03/24/2003