

**Update March 2005 - new guidance on the 3 R's (Recruitment, Relocation, and Retention Bonuses) will be forthcoming effective May 1, 2005**

Section 101(a) of the Act establishes significantly enhanced recruitment, relocation, and retention bonus authorities that will provide Federal agencies with the flexibility to use such bonuses in more strategic ways to help the Federal Government improve its competitiveness in recruiting and maintaining a high quality workforce. The enhanced authorities will replace the current recruitment and relocation bonus and retention allowance authorities under 5 U.S.C. 5753 and 5754.



OFFICE OF THE SECRETARY OF DEFENSE

WASHINGTON, DC 20301

12 NOV 1991

Administration  
& Management

MEMORANDUM FOR CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARIES OF DEFENSE  
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING  
ASSISTANT SECRETARIES OF DEFENSE  
COMPTROLLER  
GENERAL COUNSEL/DIRECTOR, DEFENSE LEGAL SERVICES AGENCY  
DIRECTOR, OPERATIONAL TEST AND EVALUATION  
ASSISTANTS TO THE SECRETARY OF DEFENSE  
DIRECTOR, ADMINISTRATION AND MANAGEMENT  
DIRECTOR, DEFENSE ADVANCED RESEARCH PROJECTS AGENCY  
DIRECTOR, DEFENSE SECURITY ASSISTANCE AGENCY  
DIRECTOR, STRATEGIC DEFENSE INITIATIVE ORGANIZATION  
CHIEF JUDGE, U.S. COURT OF MILITARY APPEALS

SUBJECT: Department of Defense Plans for Recruiting, Relocation and Retention Payments

Background: Section 208, Federal Employees Pay Comparability Act of 1990, authorized heads of agencies to pay recruitment and relocation bonuses and retention allowances. The Assistant Secretary of Defense (Force Management and Personnel) issued the attached implementing instructions on October 3, 1991. The guidance consists of interim plans which will remain in effect until superseded by issuance of a DoI Civilian Personnel Manual Chapter. This memorandum provides process and fiscal guidance for use by organizations receiving personnel management support from Washington Headquarters Services (WHS).

Process: All provisions of the attached implementing instructions concerning such matters as offers and approval, eligibility criteria, justification, service agreements, and payment provisions will be followed closely. Organizations receiving personnel support from WHS and wishing authorization to make recruiting, relocation, or retention payments must submit fully documented requests in writing through their Component Head to the Director, Personnel and Security, Washington Headquarters Services, Room 3B347, The Pentagon, Washington, D.C. 20301-1555. The reviewing official for positions above GS-15 will be the Assistant Director for Executive Personnel and Classification, Personnel and Security Directorate, Washington Headquarters Services. The reviewing official for other positions will be the Assistant Director for Staffing. The approving official will be the Director, Personnel and Security, Washington Headquarters Services. All requests will be coordinated with the Washington Headquarters Services, Director, Budget and Finance or Comptroller, Joint Staff (as appropriate) to assure the availability of funds.

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For purposes of this process, the term "component" is defined as organizations supported by Washington Headquarters Services including: the Office of the Secretary of Defense, the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Strategic Defense Initiative Organization, the U.S. Mission to NATO, the NATO International Staff and operating agencies, and the DoD field activities. Currently, the Defense Advanced Research Projects Agency is considered a sub-unit of the Office of the Under Secretary of Defense (Acquisition); and the Defense Security Assistance Agency is considered a sub-unit of the Office of the Under Secretary of Defense for Policy. The Defense Legal Services Agency is considered a sub-unit of the Office of the General Counsel of the Department of Defense for purposes of this guidance.

The term "Component Head" includes the Deputy Secretary of Defense (for employees reporting directly to him and all WHS-serviced individuals serving under SES noncareer, SES limited term, and SES limited emergency and Schedule C appointments, as well as those in positions paid pursuant to 5 USC 5312-5317); Chairman of the Joint Chiefs of Staff; Director, Joint Staff; Under Secretaries of Defense; Assistant Secretaries of Defense not reporting through Under Secretaries; Comptroller of the Department of Defense; General Counsel of the Department of Defense/Director, Defense Legal Services Agency; Director, Operational Test and Evaluation; and Assistants to the Secretary of Defense. The Defense Advisor to the U.S. Mission to NATO assumes this role for individuals assigned to the U.S. Mission. The international supervisors of all other WHS-serviced employees assigned to NATO assume this role for these individuals, unless an exception has been approved by the Director, Administration and Management, Office of the Secretary of Defense.

Fiscal Guidance: approval of subject payments will be contingent upon the availability of funds and demonstrable evidence that prospective payees are well qualified candidates for hard to fill positions/or occupations that are critical to the requesting organization's mission. Requests will be reviewed against the backdrop of other staffing alternatives (use of advanced in-hire pay rates, length of service agreements, dual compensation restriction waivers, placement of Senior Executive Service appointees at higher pay levels and availability of other qualified eligibles) with a view toward striking the most economical balance obtainable.

Although each case will be reviewed according to its own individual merits, the general guidelines offered below delineate considerations that will be taken into account in determining what percentage of base salary should be extended in making payments. In no case will payments be made unless written documentation is provided which indicates prospective payees will not remain, relocate, or accept appointment in the absence of the payment.

- Ordinarily payments less than 5% will not be made.
- The extent, scope, and expense of recruiting efforts will be evaluated.
- The criticalness of the position to organization/agency mission will be considered.
- The length of service agreement will generally affect the size of payments. Longer service agreements will generally be expected in cases of large percentage bonuses.
- If pay cap restrictions (Ex. Level I versus V) limit the utility of other options, larger percentage bonuses may be considered.

In addition to those considerations noted above, relocation bonuses will not be paid to individuals serving under mobility agreements; the amount of any bonus will be considered in light of the degree of pay increase in the new position; and in determining the amount of a retention allowance, consideration will be given to the dollar amount of awards received during the past 12 months. The subject payments will not be approved for individuals already working under a length of service agreement with the Department of Defense.

The authorities and delegations outlined in this memorandum and its attachment are effective immediately.



D. O. Cooke  
Director

Attachment:  
As Stated

Department of Defense  
Recruiting Bonus Plan

1. **Introduction.** This plan implements the provisions of 5 USC 5753 and subpart A, part 575 of title 5, Code of Federal Regulations. Upon issuance, this plan may be used by DoD activities and appointing officials as authority for the payment of recruiting bonuses, until superseded by a DoD Civilian Personnel Manual (CPM) chapter. As appropriate, the CPM will also provide uniform procedures and policy guidance, including standard formats and documentation/recordkeeping requirements.

2. **Bonus Offer and Approval.** A recruiting bonus of up to 25% of basic pay may be offered to certain newly appointed employees. Except as specified in subparagraph b below, the authority to approve such recruiting bonuses is delegated to officials who exercise personnel appointing authority. In the Military Departments, this delegation is made through the Secretary of the Department and the Service's chain of command to those officials vested with such appointing authority (normally the head of an installation or activity). In those Defense Agencies with independent appointing authority, the delegation is made through the Director of the Agency and the Agency's chain of command.

a. By law, a recruiting bonus must be approved by an official at an organizational level higher than the individual making the initial bonus offer. Accordingly, officials with delegated recruiting bonus/appointing authority may designate subordinates to make initial bonus offers, subject to their final review and approval. All such designations must be in writing and be included in local operating guidance.

b. Only the Secretary or Deputy Secretary of Defense may approve recruiting bonuses for individuals appointed to Schedule C positions, as defined in 5 USC 2103; non-career positions in the Senior Executive Service (including limited term and limited emergency appointments), as defined in 5 USC 3394; and positions paid pursuant to 5 USC 5312-5317.

3. **Eligibility Criteria.** Candidates for hard-to-fill positions and/or occupations that are critical to the organization's mission are eligible for recruiting bonuses.

a. A recruiting bonus may be paid to any employee newly appointed to a position in (1) the General Schedule (including GS positions under the Performance Management and Recognition System), (2) the Law Enforcement Pay System, (3) the Senior Executive Service; (4) the Senior Level System, and (5) Executive Level or equivalent pay grades. Presidential appointees are also eligible, subject to the limitations set forth in paragraph 2b above. For the purposes of this plan and its implementing CPM chapter, a newly appointed employee is defined as an individual being appointed to a position in the civil service for the first

time, or who is being reappointed after a break in service of at least one year, and whose appointment is for a period of not less than two years.

b. In such cases, the approving official must certify in writing that, absent a recruiting bonus, the organization would have difficulty filling the position with a highly qualified candidate. As appropriate, the written certification may describe such things as (1) the results of recent efforts to attract quality candidates for similar positions, as evidenced by offer/acceptance rates, the number of pending vacancies, and/or the length of time required to fill similar positions; (2) recent turnover in similar positions; (3) labor-market factors that may affect the organization's ability to recruit high quality candidates for similar positions; (4) special qualifications needed for the position; or (5) the feasibility of using a superior qualifications appointment, as provided by 5 CFR 531.203(b), separately or in conjunction with a recruiting bonus. The Defense Civilian Personnel Data System (DCPDS) will be modified to provide such information to approving officials.

4. **Service Agreement.** OPM regulations (at 5 CFR 575.106) require that before a recruiting bonus may be paid, the employee offered such bonus shall sign a written agreement to serve a specified number of months with the Department. The minimum period of such service shall be 12 months; however, where appropriate, approving officials are encouraged to seek agreements requiring a period of service beyond the 12-month minimum. Pending issuance of a standard DoD service agreement format, Components are authorized to develop interim service agreements.

5. **Documentation and Recordkeeping.** Approving officials are responsible for ensuring that the basis for any recruiting bonus is fully documented. Documentation shall be readily available for review and submission upon request.

a. As a minimum, the following information shall be maintained on a fiscal year basis: (1) the number of employees offered/accepting a recruiting bonus; (2) the percentage of salary offered/accepted in each individual case; and (3) a summary statement assessing the effect of bonus authority on the activity's ability to fill key positions with high quality candidates in a timely fashion.

b. This information will be compiled by Components and provided to the Deputy Assistant Secretary of Defense (Civilian Personnel Policy/Equal Opportunity) (DASD (CPP/EO)) by November 30 of each year. Components may issue interim recordkeeping and documentation procedures until such procedures are established under the Defense Civilian Personnel Data System (DCPDS).

6. **Supplementation.** As a matter of DoD policy, the regulation of personnel management authorities is to be kept to a minimum

a. The policies set forth above shall not be supplemented except as prescribed by statute or otherwise authorized by the provisions of this plan. In this regard, the Secretaries of the Military Departments, Directors of Defense Agencies with independent appointing authority, and the OSD Director of Administration and Management are authorized to issue internal implementing guidance where they (or their Assistant Secretary-level designees) determine such guidance to be essential.

b. The above provisions are not intended to restrict the issuance of operating guidance addressing the offer or approval of recruiting bonuses and other internal coordinating requirements, consistent with the policies and delegations of authority established by this plan.

7. **Program Oversight and Evaluation.** The DASD (CPP/EO) is responsible for the oversight and evaluation of this plan and the execution of its policies throughout the Department. To this end, copies of Component implementing guidance will be furnished to the DASD (CPP/EO) upon issuance. Additional evaluation/oversight procedures will be set forth in the CPM, as appropriate.

**Department of Defense  
Relocation Bonus Plan**

**1. Introduction.** This plan implements the provisions of 5 USC 5753 and subpart B, part 575 of title 5, Code of Federal Regulations. Upon issuance, this plan may be used by DoD activities and appointing officials as authority for the payment of relocation bonuses, until superseded by a DoD Civilian Personnel Manual (CPM) chapter. As appropriate, the CPM will also provide uniform procedures and policy guidance, including standard formats and documentation/recordkeeping requirements.

**2. Bonus Offer and Approval.** A relocation bonus of up to 25% 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 subparagraph b below, the authority to approve such relocation bonuses is delegated to officials who exercise personnel appointing authority. In the Military Departments, this delegation is made through the Secretary of the Department and the Service's chain of command to those officials vested with such appointing authority (normally the head of an installation or activity). In those Defense Agencies with independent appointing authority, the delegation is made through the Director of the Agency and the Agency's chain of command.

a. By law, a relocation bonus must be approved by an official at an organizational level higher than the individual making the initial bonus offer. Accordingly, officials with delegated relocation bonus/appointing authority may designate subordinates to make initial bonus offers, subject to their final review and approval. All such designations must be in writing and be included in local operating guidance.

b. Only the Secretary or Deputy Secretary of Defense may approve relocation bonuses for individuals appointed to Schedule C positions, as defined in 5 USC 2103; non-career positions in the Senior Executive Service (including limited term and limited emergency appointments), as defined in 5 USC 3394; and positions paid pursuant to 5 USC 5312-5317.

**3. Eligibility Criteria.** Occupants of hard-to-fill positions and/or occupations that are critical to the organization's mission are eligible for relocation bonuses.

a. A relocation bonus may be paid to any current employee who must relocate to accept a position in a different commuting area. The relocation must be without a break in service and to a position in (1) the General Schedule (including GS positions under the Performance Management and Recognition System), (2) the Law Enforcement Pay System, (3) the Senior Executive Service; (4) the Senior Level System, and (5) Executive Level or equivalent pay grades. Presidential appointees are also eligible, subject to the limitations set forth in paragraph 2b above.

3. In such cases, the approving official must certify in writing that, absent a relocation bonus, the organization would have difficulty filling the position with a highly qualified candidate. As appropriate, the written certification may describe such things as (1) the results of recent efforts to attract quality candidates for similar positions, as evidenced by offer/acceptance rates, the number of pending vacancies, and/or the length of time required to fill similar positions; (2) recent turnover in similar positions; (3) labor-market factors that may affect the organization's ability to recruit high quality candidates for similar positions; or (4) special qualifications needed for the position. The Defense Civilian Personnel Data System (DCPDS) will be modified to provide such information to approving officials.

#### **4. Service Agreement.**

a. OPM regulations (at 5 CFR 575.206) require that before a relocation bonus may be paid, the employee offered such bonus shall sign a written agreement to serve a specified number of months with the Department.

b. Except as provided in subparagraph c, below, the minimum period of such service shall be 12 months; however, where appropriate, approving officials are encouraged to seek agreements requiring a period of service beyond the 12-month minimum.

c. In the case of a temporary change in duty station for less than 12 months, a service agreement may provide for a shorter minimum period of employment.

d. Pending issuance of a standard DoD service agreement format, Components are authorized to develop interim service agreements.

5. **Documentation and Recordkeeping.** Approving officials are responsible for ensuring that the basis for any relocation bonus is fully documented. Documentation shall be readily available for review and submission upon request.

a. As a minimum, the following information shall be maintained on a fiscal year basis: (1) the number of employees offered/accepting a relocation bonus; (2) the percentage of salary offered/accepted in each individual case; and (3) a summary statement assessing the effect of bonus authority on the activity's ability to fill key positions with high quality candidates in a timely fashion.

b. This information will be compiled by Components and provided to the Deputy Assistant Secretary of Defense (Civilian Personnel Policy/Equal Opportunity) (DASD (CPP/EO)) by November 30 of each year. Components may issue interim recordkeeping and

documentation procedures until such procedures are established under the Defense Civilian Personnel Data System (DCPDS).

6. **Supplementation.** As a matter of DoD policy, the regulation of personnel management authorities is to be kept to a minimum.

a. The policies set forth above shall not be supplemented except as prescribed by statute or otherwise authorized by the provisions of this plan. In this regard, the Secretaries of the Military Departments, Directors of Defense Agencies with independent appointing authority, and the OSD Director of Administration and Management are authorized to issue internal implementing guidance where they (or their Assistant Secretary-level designee) determine such guidance to be essential.

b. The above provisions are not intended to restrict the issuance of operating guidance addressing the offer or approval of relocation bonuses and other internal coordinating requirements, consistent with the policies and delegations of authority established by this plan.

7. **Program Oversight and Evaluation.** The DASD (CPP/EO) is responsible for the oversight and evaluation of this plan and the execution of its policies throughout the Department. To this end, copies of Component implementing guidance will be furnished to the DASD (CPP/EO) upon issuance. Additional evaluation/oversight procedures will be set forth in the CPM, as appropriate.

Department of Defense  
Retention Allowance Plan

1. Introduction. This plan implements the provisions of 5 USC 5754 and subpart C, part 575 of title 5, Code of Federal Regulations. Upon issuance, this plan may be used by DoD activities and appointing officials as authority for the payment of retention allowances, until superseded by a DoD Civilian Personnel Manual (CPM) chapter. As appropriate, the CPM will also provide uniform procedures and policy guidance, including standard formats and documentation/recordkeeping requirements.

2. Allowance Offer and Approval. A retention allowance of up to 25% of basic pay may be offered to certain current employees in order to retain their services. Except as specified in subparagraph b below, the authority to approve such retention allowances is delegated to officials who exercise personnel appointing authority. In the Military Departments, this delegation is made through the Secretary of the Department and the Service's chain of command to those officials vested with such appointing authority (normally the head of an installation or activity). In those Defense Agencies with independent appointing authority, the delegation is made through the Director of the Agency and the Agency's chain of command.

a. By law, a retention allowance must be approved by an official at an organizational level higher than the individual making the initial allowance offer. Accordingly, officials with delegated retention allowance/appointing authority may designate subordinates to make initial allowance offers, subject to their final review and approval. All such designations must be in writing and be included in local operating guidance.

b. Only the Secretary or Deputy Secretary of Defense may approve retention allowances for individuals appointed to Schedule C positions, as defined in 5 USC 2103; non-career positions in the Senior Executive Service (including limited term and limited emergency appointments), as defined in 5 USC 3394; and positions paid pursuant to 5 USC 5312-5317.

3. Eligibility Criteria. A current employee is eligible for a retention allowance if the unusually high or unique qualifications of the employee or a special need for the employee's services make it essential to retain the employee. The employee must have completed 1 year of continuous service, or if applicable, a period of employment established under the service agreement required for the payment of a recruiting bonus or a relocation bonus, whichever occurs later, with the Department prior to payment of a retention allowance.

a. A retention allowance may be paid to any current employee who holds a position in (1) the General Schedule (including GS positions under the Performance Management and Recognition Sys-

(1) the Law Enforcement Pay System, (3) the Senior Executive Service; (4) the Senior Level System, and (5) Executive Level or equivalent pay grades. Presidential appointees are also eligible, subject to the limitations set forth in paragraph 2b above.

b. In such cases, the approving official must certify in writing that, absent a retention allowance, the employee would be likely to leave the Federal service for employment outside the executive, legislative, or judicial branch of the Federal Government. The documentation must include a written description of the extent to which the employee's departure would affect the organization's ability to carry out an activity or perform a mission essential function. As appropriate, the written certification may describe such things as (1) the results of recent efforts to attract and retain employees with similar qualifications; or (2) availability in the labor-market of candidates for employment with the qualifications necessary to perform the full range of duties of the position with a minimum of training or disruption.

#### **4. Payment and Reduction or Termination of Retention Allowance.**

a. 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.

b. The retention allowance may be paid for as long as the conditions warranting the allowance continue to exist. An annual review and recertification of necessity must be made to continue the payment of the retention allowance.

c. The amount of the retention allowance may be reduced or the allowance terminated when it is determined that (1) a lesser amount, or no allowance at all, would be sufficient to retain the employee, (2) labor-market conditions have changed and recruitment of employees with needed qualifications would be possible, (3) the need for the services of the employee have lessened, or (4) budgetary considerations preclude payment.

**5. Documentation and Recordkeeping.** Approving officials are responsible for ensuring that the basis for any retention allowance is fully documented. Documentation shall be readily available for review and submission upon request.

a. As a minimum, the following information shall be maintained on a fiscal year basis: (1) the number of employees offered/accepting a retention allowance; (2) the percentage of salary offered/accepted in each individual case; and (3) a summary statement assessing the effect of allowance authority on the activity's ability to retain quality employees in key positions.

b. This information will be compiled by Components and provided to the Deputy Assistant Secretary of Defense (Civilian Personnel Policy/Equal Opportunity) (DASD (CPP/EO)) by November 30 of each year. Components may issue interim recordkeeping and documentation procedures until such procedures are established under the Defense Civilian Personnel Data System (DCPDS).

**6. Supplementation.** As a matter of DoD policy, the regulation of personnel management authorities is to be kept to a minimum.

a. The policies set forth above shall not be supplemented except as prescribed by statute or otherwise authorized by the provisions of this plan. In this regard, the Secretaries of the Military Departments, Directors of Defense Agencies with independent appointing authority, and the OSD Director of Administration and Management are authorized to issue internal implementing guidance where they (or their Assistant Secretary-level designee) determine such guidance to be essential.

b. The above provisions are not intended to restrict the issuance of operating guidance addressing the offer or approval of retention allowances and other internal coordinating requirements, consistent with the policies and delegations of authority established by this plan.

**7. Program Oversight and Evaluation.** The DASD (CPP/EO) is responsible for the oversight and evaluation of this plan and the execution of its policies throughout the Department. To this end, copies of Component implementing guidance will be furnished to the DASD (CPP/EO) upon issuance. Additional evaluation/oversight procedures will be set forth in the CPM, as appropriate.

... interview with future variance in detail interview expense in filling any postion the agency should consider such factors as availability of funds as well as the desirability of conducting interviews for a particular job in effecting a recruiting procedure to a particular candidate

8072.103 Record-keeping.

Each agency will maintain records of payments made under this authority and will make same records available to OPM on request

PART 575-RECRUITMENT AND RELOCATION BONUSES, RETENTION ALLOWANCES, SUPERVISORY DIFFERENTIALS

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Authority: 5 U.S.C. 101(a)(3), 575, 576 and 578, sec. 302 and 404 of the Federal Employees Pay Comparability Act of 1996 (Pub. L. 104-104, Stat. 1462 and 1466, respectively); E.O. 12718, 3 CFR, 1993 Comp., p. 318. Authority: 56 FR 12028, Mar. 28, 1991, unless otherwise noted.

Subpart A - Recruitment Bonuses

575.101 Purpose.

This subject provides regulations to implement 5 U.S.C. 5751, which authorizes payment of a recruitment bonus of up to 25 percent of the annual rate of basic pay to a newly appointed employee, provided there is a determination that, in the absence of such a bonus, difficulty would be encountered in filling the position.

(60 FR 32025, June 28, 1994)

575.102 Delegation of authority.

(a) Except as provided in paragraph (b) of this section, the head of an agency (or, with respect to positions not under the General Schedule, the head of an Executive agency) may pay a recruitment bonus to an employee who is newly appointed to:

- (1) A General Schedule position paid under 5 U.S.C. 5352;
(2) A career level or scientific or professional position paid under 5 U.S.C. 5376;
(3) A Senior Executive Service position paid under 5 U.S.C. 5363;
(4) A position as a law enforcement officer, as defined in 550.103 of this chapter;
(5) A position under the Executive Schedule established under subchapter II of chapter 53 of title 5, United States Code, or a position the rate of pay for which is fixed by law at a rate equal to a rate for the Executive Schedule, or

(b) An executive branch position filled by Presidential appointment with or without the advice and consent of the Senate)

(c) The delegation of authority under paragraph (a) of this section shall not apply to the payment of a recruitment bonus to:

- (1) The head of an agency, including an agency headed by a collegial body composed of two or more individual members; or
(2) An employee appointed to a position in the expectation of receiving an appointment as the head of an agency.

(c) The head of an Executive agency may request that OPM authorize the payment of a recruitment bonus to one or more categories of employees of his or her agency not otherwise covered by 5 U.S.C. 5753 or this subpart.

(d) When OPM finds that an agency is not paying recruitment bonuses in conformance with the agency's recruitment bonus plan and the criteria established under 575.104 of this part or otherwise determines that the agency is not using this authority selectively and judiciously, it may:

- (1) Direct the agency to revoke or suspend the authority granted to any organizational component of the agency and with respect to any category or categories of employees and require that prior approval be secured at headquarters level before paying a recruitment bonus to such employees; or
(2) Revoke or suspend the authority granted to the head of the agency by paragraph (a) of this section for all or any part of the agency and with respect to any category or categories of employees and require that prior OPM approval be secured before paying a recruitment bonus to such employees.

(64 FR 1280, Mar. 29, 1999, as amended at 57 FR 7729, Aug. 18, 1992, 56 FR 320, Jan. 9, 1991; 56 FR 6537, Nov. 15, 1991)

575.103 Definitions.

In this subpart, Agency has the meaning given that term in 5 U.S.C. 5102. Commuting area means the geographic area that normally is considered one area for employment purposes. It includes any population center (or two or more neighboring areas) and the surrounding localities where people live

and reasonably can be expected to travel back and forth daily to work. Employee means:

- (a) An employee in or under an agency who is newly appointed, or
(b) An individual not yet employed who has received a written offer to be newly appointed and has signed a written service agreement in accordance with 575.106 prior to payment of the recruitment bonus.

Head of agency means the head of an agency or an official who has been delegated the authority to act for the head of the agency in the matter concerned.

Involuntarily separated refers to a separation initiated by an agency against the employee's will and without his or her consent for reasons other than cause on charges of misconduct or derelinquency. 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 part 752 of this chapter or an equivalent procedure for reasons that involve culpable wrongdoing on the part of the employee. In addition, when an employee is separated because he or she declines to accept reassignment outside the commuting area, the separation is involuntary if the employee's position description or other written agreement does not provide for such reassignment. However, an employee's separation is not involuntary if, after such a written mobility agreement is added, the employee accepts one reassignment outside the commuting area, but subsequently declines another such reassignment.

Newly appointed refers to:

- (a) The first appointment, regardless of tenure, as an employee of the Federal Government, or
(b) An appointment as an employee of the Federal Government following a break in service of at least 90 days from the end of a last period of Federal employment, other than:
(1) Employment under the Student Educational Employment Program under 5713.3202;
(2) Employment as a law clerk trainee under 5713.3102(a) of this chapter.

(1) Employee shall be considered a student during school sessions under a short term temporary appointing authority.

(2) Employment under a provisional appointment created under § 316.401 shall be considered in permanent and immediately follows the provisional appointment.

(3) Employment under a temporary appointment that is neither full time nor the principal employment of the candidate.

**Rate of basic pay** means the rate of pay fixed by law or administrative action for the position to which the employee is or will be newly appointed before deductions and exclusive of additional pay of any kind, such as locally based compensability payments under 5 U.S.C. 5304 or special pay adjustments in law enforcement officers under section 404 of the Federal Employees Pay System Act of 1920 (Pub. L. 101-508).

**Service agreement** means a written agreement between an agency and a newly appointed employee under which the employee agrees to a specified period of employment of a minimum of 12 months with the appointing agency in return for payment of a recruitment bonus.

126 FR 1238 Mar. 1, 1991, as amended at 57 FR 3728 Aug. 1, 1992; 60 FR 3123, June 28, 1995, 61 FR 3541 Oct. 1, 1996.

**§ 575.100 Agency recruitment bonus plans; higher level review and approval; one collecta for payment.**

(a) Agency recruitment bonus plans (1) before payplus a recruitment bonus under this subpart, the head of an agency shall establish a recruitment bonus plan.

- (2) A recruitment bonus plan shall include the following elements:
- (i) The designation of officials with authority to review and approve payment of recruitment bonuses;
  - (ii) Criteria that must be met or considered in authorizing bonuses, including criteria for determining the amount of a bonus;
  - (iii) Procedures for paying bonuses;
  - (iv) Requirements for service agreements; and
  - (v) Documentation and record-keeping requirements sufficient to allow reconstruction of the action.

(b) Except as provided in paragraph (b)(2) of this section, each determination to pay a recruitment bonus, including the amount of such bonus, shall be reviewed and approved by an official of the agency who is at a higher level than the official who made the initial decision, unless there is no official at a higher level in the agency.

(3) When necessary to make a timely offer of employment, a higher level 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.

(c) **Criteria for payment.** (1) Each bonus paid under this subpart shall be based on a written determination that, in the absence of such a bonus, the agency would encounter difficulty in filling the position. Such a determination shall be made before the employee actually enters on duty in the position for which he or she was recruited. An agency may target groups of positions that have been difficult to fill in the past or that may be difficult to fill in the future and may make the required written determination to offer a recruitment bonus on a group basis.

(2) In determining whether a recruitment bonus should be paid and in determining the amount of any such payment, an agency shall consider the following factors, as applicable in the case at hand:

- (i) The success of recent efforts to recruit candidates for similar positions, including indicators such as offer acceptance rates, the proportion of positions filled, and the length of time required to fill similar positions;
- (ii) Recent turnover in similar positions;
- (iii) Labor market factors that may affect the ability of the agency to recruit candidates for similar positions now or in the future;
- (iv) Special qualifications needed for the position; and
- (v) The practicality of using the special qualifications requirement as authority provided by 5 U.S.C. 5333 and

**Office of Personnel Management**

(31) 281(b) of this chapter shall apply in combination with a recruitment bonus plan FR 1248, Mar. 28, 1991, 56 FR 14290, Apr. 5, 1991, as amended at 60 FR 3123, June 28, 1995.

**§ 575.105 Payment of recruitment bonus.**

A recruitment bonus shall be calculated as a percentage of the employee's annual rate of basic pay (not to exceed 25 percent) and paid as a lump sum. It shall not be considered part of an employee's rate of basic pay for any purpose.

100 FR 33208, June 28, 1995.

**§ 575.106 Service agreement.**

(a) Before a recruitment bonus may be paid, an agency shall require that the employee sign a written service agreement to complete a specified period of employment with the appointing agency for successor agency in the event of a transfer of function.

(b) The minimum period of employment to be established under a service agreement for a recruitment bonus shall be 6 months.

100 FR 33208, June 28, 1995.

**§ 575.107 Repayment of recruitment bonus.**

(a) Except as provided in paragraph (d) of this section, an employee who fails to complete the period of employment established under a service agreement shall be obligated to the Federal Government and shall repay the recruitment bonus on a pro rata basis. The amount to be repaid shall be determined by providing credit for each full month of employment completed by the employee under the service agreement.

(b) Failure to complete the period of employment established under a service agreement occurs when the employee terminates before the appointing agency provides the period of employment specified in the service agreement.

(c) Amounts owed by an employee under paragraph (a) of this section shall be recovered from the employee under the agency's regulations for collection by offset from an indebted Government employee under 5 U.S.C. 5544

and subpart K of part 550 of this chapter.

(d) Paragraph (a) of this section does not apply when an employee fails to complete a period of employment established under a service agreement because the employee is involuntarily separated.

(e) A right of recovery of an employee's debt under 5 U.S.C. 5514 may be waived in whole or in part by the head of the agency if he or she determines that recovery would be against equity and good conscience or against the public interest.

**§ 575.108 Internal monitoring.**

Each agency shall monitor the use of recruitment bonuses to ensure that its recruitment bonus plan conforms to the requirements established under this subpart and that the payment of recruitment bonuses conforms to the criteria established under this subpart.

100 FR 33208, June 28, 1995.

**§ 575.109 Records and reports.**

(a) Each agency shall keep a record of each determination required by § 575.101(c) of this part and make such records available for review upon request by OPM. Each agency shall promptly submit a report of each such determination as a part of its regular submission to OPM a Central Personnel Data File.

(b) No OPM can evaluate agency use of this authority and provide the Congress and others with information regarding the use of recruitment bonuses. Each agency shall maintain such other records and submit to OPM such other reports and data as OPM shall require.

**Subpart B—Relocation Bonuses**

**§ 575.201 Purpose.**

This subpart provides regulations to implement 5 U.S.C. 5751 which authorizes payment of a relocation bonus of up to 25 percent of the annual rate of basic pay to an employee who must relocate to accept a position in a different community area provided there is a determination that in the absence