Chapter 9 Recruitment, Relocation, and Retention Incentive Pay and Supervisory Differentials 225 FW 9

9.1 What is the purpose of this chapter? This chapter establishes policy and procedures for using recruitment, relocation, and retention incentives and supervisory differentials to assist and enhance the U.S. Fish and Wildlife Service's efforts to recruit and retain a qualified workforce.

9.2 What is the scope of this chapter? This chapter applies to all employees who meet the specific eligibility requirements for payment of recruitment, relocation, and retention incentives and supervisory differentials.

9.3 What is our policy for using optional pay incentives? It is Service policy to:

A. Use pay flexibilities such as recruitment, relocation, and retention incentives and supervisory differentials when necessary to recruit and retain a diverse, well-qualified workforce; and

B. Ensure compliance with Service and Department of the Interior policies and regulatory requirements when using these flexibilities.

9.4 What are the authorities for this chapter?

A. Federal Workforce Flexibility Act (5 U.S.C. 5753 and 5754).

B. Recruitment, Relocation, and Retention Incentives, and Supervisory Differentials (5 CFR 575, subparts A, B, C, and D).

9.5 What terms do you need to know to understand this chapter?

A. Competencies are the knowledge, skills, abilities, behaviors, and other characteristics an employee needs to perform the duties of a position.

B. Continuing pay means the aggregate of all continuing payments and annual premium pay an employee receives at any time.

C. Rate of pay means the rate fixed by law or administrative action for the position to which the employee is or will be appointed before deductions and including:

(1) Any special rate under 5 CFR part 530, subpart C,

(2) Any locality-based comparability payment under 5 CFR part 531, subpart F, or

(3) Special pay adjustments for law enforcement officers under section 404 of the Federal Employees Pay Comparability Act of 1990 (Pub. L. 101-509).

D. A supervisory pay differential is a payment to a General Schedule supervisor who supervises one or more civilian employees not under the General Schedule if one or more of those subordinate employees would, in the absence of such a differential, be paid more than the supervisor.

E. A supervisor is a Service employee who has the authority to hire, direct, assign, promote, reward, transfer, furlough, lay off, recall, suspend, discipline, or remove employees, to adjust their grievances, or to effectively recommend such action. For units that include firefighters, the term “supervisor” includes only those individuals who devote a preponderance of their employment time to exercising such authority.

9.6 Who is responsible for recruitment, relocation, and retention incentive pay and payment of

supervisory differentials?

A. The **Director** is responsible for the overall administration of recruitment, relocation, and retention incentives and supervisory differentials.

B. Regional Directors (RDs), Assistant Directors (ADs), and the Chief, Office of Law Enforcement (OLE):

(1) Are responsible for the fair, equitable, and fiscally responsible administration of this policy;

(2) Approve or disapprove requests for recruitment, relocation, and retention incentives; and

(3) Approve or disapprove supervisory differentials.

C. The **AD - Budget, Planning and Human Capital (ABHC):**

(1) Serves as technical advisor to the Director on incentives and supervisory differentials, and

(2) Oversees the use of these authorities, reviewing approved incentive requests and signing to indicate that the justification is technically sufficient.

D. The **Chief, Division of Human Capital** reviews requests for paying incentives for technical adequacy.

E. Regional Human Resources Officers:

(1) Advise managers on the provisions in the chapter;

(2) Review requests for recruitment, relocation, and retention incentives and payment of supervisory differentials and recommend approval or disapproval to the RD, AD, or Chief, OLE; and

(3) Assure the completeness of Regions' requests.

9.7 Who approves payment of incentives for members of the Senior Executive Service and senior-level scientific and professional positions?

A. The Executive Resources Board approves recruitment, relocation, and retention incentives for employees in a Senior Executive Service or senior-level scientific or professional position.

B. Address such requests to the Assistant Secretary – Fish and Wildlife and Parks, Chairperson, Executive Resources Board. Send the requests to the Division of Human Capital for review and to obtain concurrence from the Director.

9.8 What do employees need to know about recruitment incentives? Table 9-1 describes what you need to know about recruitment incentives.

Table 9-1: Recruitment Incentives

A. Application

Managers use recruitment incentives for:

(1) Newly appointed employees, and

(2) Employees returning to Federal service after a break in service of 90 days or more.

B. Requirements

(1) A recruitment incentive may:

(a) Be up to 25% of an employee's basic pay, multiplied by the number of years in a service agreement established for a minimum of 1 year and a maximum of 4 years (see section 9.11 for information about service agreements);
(b) Not exceed 100% of an employee's basic pay; and
(c) Be authorized in combination with other pay flexibilities. You should discuss the advantages and disadvantages of granting a recruitment incentive alone or in combination with other pay flexibilities with your servicing Human Resources Office.

(2) Managers requesting recruitment incentives must:

(a) Make the request to pay the incentive before an entry on duty date is established. We will not make retroactive payments; and
(b) Prepare a written determination that addresses all the criteria in section 9.8D and that:

- Demonstrates that the Service would encounter difficulty filling the position without an incentive,
- Describes the reason for the incentive, and
- States the amount and timing of payment and the length of required service.

C. Exceptions

Managers must NOT use recruitment incentives for:

(1) Employees returning to Federal service with less than a 90-day break in service unless:

(a) The appointment was a time-limited or non-permanent appointment in competitive or excepted service;
(b) Employment was with the District of Columbia (DC) government, and the first appointment with the DC government was after October 1, 1987;
(c) The employee was appointed as an expert or consultant under 5 U.S.C. 3109 and 5 CFR 304;
(d) The employee served in a non-appropriated fund instrumentality of the Department of Defense or the U.S. Coast Guard; or
(e) The employee's appointment was provisional under 5 CFR 316.403.

(2) Employees we appoint:

(a) For less than 1 year;
(b) Without compensation;
(c) As Presidential appointees;
(d) Non-career Senior Executive appointees (see 5 U.S.C. 3132(a)(7); and
(e) For positions excepted from the competitive service because they are confidential, policy-determining, policy-making, or policy-advocating.

Table 9-1: Recruitment Incentives
D. Factors to Address in Writing
Managers must consider and address the following factors in writing, as applicable: **(1)** The availability and quality of candidates with the required competencies for the position, including: (a) The success of recent efforts to recruit candidates for similar positions using indicators such as offer acceptance rates, (b) The proportion of positions filled, and (c) The length of time required to fill similar positions; **(2)** The salaries typically paid outside the Federal Government for similar positions; **(3)** Recent turnover in similar positions; **(4)** Employment trends and labor market factors that may affect the ability to recruit candidates for similar positions; **(5)** Special or unique competencies required for the position; **(6)** Efforts to use non-pay incentives, such as special training and flexible work schedules, to resolve difficulties alone or in combination with a recruitment incentive; **(7)** The desirability of the duties, work or organizational environment, or geographic location of the position; and **(8)** Other supporting factors.

9.9 What do employees need to know about relocation incentives? Table 9-2 describes what you need to know about relocation incentives.

Table 9-2: Relocation Incentives
A. Application
Managers use relocation incentives for Federal Government employees who must relocate to a different geographic area (i.e., duty station), permanently or temporarily, without a break in service to accept a position.
B. Requirements
(1) A relocation incentive may: (a) Be up to 25% of an employee's basic pay, multiplied by the number of years in a service agreement established for a minimum of 1 year and a maximum of 4 years (see section 9.11 for information about service agreements); (b) Not exceed 100% of an employee's basic pay; and (c) Be authorized in combination with other pay flexibilities. **(2)** To be eligible for a relocation incentive, an employee must receive at least a "Fully Successful" rating on his/her evaluation for the position held immediately prior to the move. **(3)** For us to consider a move to be in a "different geographic area," the duty station of the new position

Table 9-2: Relocation Incentives
must be 50 or more miles from the duty station of the position held immediately before the move. If an employee must move to accept a position, and the position's duty station does not meet the 50-mile requirement, the Director may choose to waive this 50-mile requirement. **(4)** We will not pay the relocation incentive until the employee has established a residence in the new location. Employees can demonstrate that they have established a residence by showing legal documentation with their name and new address, e.g., a voter registration card, driver's license, State identification card, car registration, signed residential lease agreement, or signed home purchase agreement.
C. Exceptions
Managers must NOT use relocation incentives for employees we appoint: **(1)** For less than 1 year; **(2)** Without compensation; **(3)** As Presidential appointees; **(4)** Non-career Senior Executive appointees (see 5 U.S.C. 3132(a)(7); and **(5)** For positions excepted from the competitive service because they are confidential, policy-determining, policy-making, or policy-advocating.
D. Factors to Address in Writing
Managers must consider and address in writing the same factors as in 9.8D.

9.10 What do employees need to know about retention incentives? Table 9-3 describes what you need to know about retention incentives.

Table 9-3: Retention Incentives
A. Application
Managers use retention incentives for retaining employees: **(1)** With high or unique qualifications in positions that are likely difficult to fill or whose services are essential to the Service, and **(2)** Who are likely to leave the Federal service without an incentive.
B. Requirements
(1) An individual retention incentive may be up to 25% of an employee's basic pay. **(2)** Group retention incentives may be up to 10% of an employee's rate of pay (see section 9.5C for information on "rate of pay"). **(3)** Managers may only pay retention incentives to employees: (a) Serving in full-time or part-time appointments,

Table 9-3: Retention Incentives

(b) Who have completed a minimum of 1 year of continuous service with the Service immediately prior to the payment, and
(c) Whose rating of record is at least "Fully Successful."

(4) We establish retention incentives for a 1 year timeframe. If the need for a retention incentive continues past 1 year, the manager must submit another request to extend the incentive payments.

C. Exceptions

Managers must NOT give retention incentives:

(1) To an employee during any period of time covered by a service agreement for a recruitment or relocation incentive.

(2) As an offer to recruit an employee before he/she is already employed with the Service.

(3) To an employee who is likely to leave the Service for employment in another bureau or Federal agency.

(4) To employees we appoint:
(a) For less than 1 year;
(b) Without compensation;
(c) As Presidential appointees;
(d) Non-career Senior Executive appointees (see 5 U.S.C. 3132(a)(7); and
(e) For positions excepted from the competitive service because they are confidential, policy-determining, policy-making, or policy-advocating.

D. Factors to Address in Writing

Managers must consider and address in writing:

(1) Employment trends and labor market factors such as the availability and quality of candidates in the labor market who have the competencies required for the position and who, with minimal training, cost, or disruption of service to the public, could perform the full range of duties and responsibilities of the employee's position at the level the employee performs;

(2) The success of recent efforts to recruit candidates and retain employees with competencies similar to those the employee has;

(3) Special or unique competencies required for the position;

(4) Efforts to use non-pay incentives, such as special training and flexible work schedules;

(5) Desirability of the duties, work or organizational environment, or geographic location of the position;

(6) The extent to which the employee's departure would affect the Service's ability to carry out an activity, perform a function, or complete a project that is essential to our mission;

(7) Salaries typically paid outside the Federal Government;

(8) Validation that the employee is likely to leave the Federal service in the absence of a retention incentive; and

Table 9-3: Retention Incentives
(9) Other supporting factors.
E. Group Retention Rates
To determine how much to pay employees for a group retention incentive, a manager must narrowly define the targeted group or category of employees and consider and address in writing: **(1)** All the factors in 9.10D above, **(2)** Occupational series, **(3)** Grade level, **(4)** Distinctive job duties, **(5)** Unique competencies the position requires, **(6)** Assignment to a special project, **(7)** Minimum agency service requirement, **(8)** Organization or team designation, **(9)** Geographic location, and **(10)** Required rating of record.

9.11 What are the requirements of service agreements? We use service agreements to help ensure employees stay with the Service when we have paid an incentive to recruit or retain them.

A. A manager may not establish a service agreement for less than 1 year for a recruitment incentive. The maximum length is 4 years.

B. A manager may not establish a service agreement for less than 1 year for a relocation incentive unless there is a temporary change in an employee's duty station for a period of less than 1 year. In these cases, the manager must justify why the required period of employment is less than 1 year.

C. Service agreements for retention incentives are for 1 year, as payment of a retention incentive is for 1 year at a time.

D. The service agreement must include:

(1) The start and end dates of the required service period.

(a) The required service period must begin with the first day of a pay period and end on the last day of a pay period. The service period begins on the first day of the first pay period beginning on or after the effective date of the appointment for which the employee is receiving the incentive, except as described in (b) below.

(b) If successful completion of training is necessary for continued employment in the position, the manager can delay the start date of the service agreement until the employee completes an initial period of training.

(2) The total dollar amount of the incentive and the timing and amounts of each incentive payment.

(3) The conditions under which the Service may terminate the agreement and the conditions under which the employee must repay the incentive (see section 9.13 for more information about repaying the Service).

(a) For example, the Service may terminate service agreements if the employee:

(i) Is demoted or separated for cause,

(ii) Receives a rating of record of less than “Fully Successful,” or

(iii) Otherwise fails to fulfill the terms in the service agreement.

(b) We may also terminate service agreements based on management needs.

(c) The manager must notify the employee in writing when we terminate a service agreement.

E. The termination of a service agreement is not subject to appeal or grievance.

F. Service in non-pay status will not count toward satisfying the service obligation and will extend the period of obligated service by an equal amount of time.

G. For a recruitment incentive, failure to meet the terms of a service agreement occurs when an employee leaves the Department before completing the period of employment the service agreement specifies.

H. For a relocation incentive, failure to meet the terms of a service agreement occurs when an employee leaves the duty station before completing the period of employment the service agreement specifies.

I. See Exhibit 1 for a sample service agreement.

9.12 How does the Service pay incentives?

A. Recruitment and relocation incentives are calculated as a percentage of the employee’s rate of basic pay. Payment of a recruitment incentive is subject to the aggregate pay limitations under 5 CFR Part 530, subpart B. We pay recruitment and relocation incentives using one of the following methods, and we clearly state the method we will use in the service agreement:

(1) A single lump sum at the beginning of the service period;

(2) A single lump sum at the completion of the full service period; or

(3) Installments, either equal or variable, throughout the service period.

B. Retention incentives are calculated as a percentage of the employee's rate of basic pay. Payment of a retention incentive is subject to aggregate pay limitations under 5 CFR Part 530, subpart B.

(1) We pay retention incentives using one of the following methods:

(a) Installments after completion of specified periods of service, including payment each pay period in the same manner as basic pay; or

(b) A single lump sum at the completion of the service agreement.

(2) Retention incentives cannot be paid in a single lump sum at the start of the service agreement.

(3) The total retention incentive cannot be paid before the service agreement is completed.

(4) A retention incentive cannot be paid during the time established in a service agreement for a recruitment or relocation incentive. After retention incentive payments begin, we may pay a relocation incentive without impacting the retention incentive.

C. Making payment determinations:

(1) Because managers make determinations for the payment of recruitment, relocation, and retention incentives on a case-by-case basis, payment in one instance does not guarantee payment in similar instances. We review all requests independently.

(2) Determinations on the payment or nonpayment or termination of recruitment, relocation, and retention incentives are final. Employees do not have the right to appeal or grieve determinations.

(3) Incentive payments are not part of the employee's rate of basic pay for purposes of pay adjustments and retirement pay.

9.13 When must an employee repay an incentive?

A. An employee who fails to complete the period of service established under a service agreement must reimburse the Service for the recruitment, relocation, or retention incentive on a pro rata basis. The employee receives credit for each full pay period of employment he/she completes under the service agreement.

B. The employee's salary is offset to collect the amount owed (see 5 U.S.C. 5514). If the person is no longer a Federal employee, we will collect the repayment through the appropriate debt collection provisions.

C. The Secretary may waive the debt in whole or in part if recovery would be against equity, good conscience, or the public interest. The Secretary may approve an employee's request for waiver when the employee is involuntarily separated for other than cause (e.g., reduction in force). The Secretary will not approve a request for waiver for an employee who is separated for cause.

D. If we terminate a service agreement based on the Service's management needs, the employee is entitled to:

(1) All incentive payments that are attributable to completed service, and

(2) To retain that portion of an incentive payment already paid that is attributable to uncompleted service.

9.14 What are the criteria for paying supervisory differentials and how are they calculated, adjusted, and terminated?

A. Criteria:

(1) When determining whether to pay a supervisory differential and the amount of such a differential, managers must consider the relationship in pay among GS supervisors in the same organizational component, as well as the relationship in pay between the supervisor and his or her subordinates.

(2) We will not pay a supervisory differential when the differential is based on the supervision of an employee whose rate of basic pay exceeds the maximum rate of basic pay for grade GS-15.

(3) We must document each determination to pay a supervisory differential.

B. Calculating and Paying the Supervisory Differential:

(1) A supervisory differential is a percentage of the supervisor's rate of basic pay or a specified dollar amount.

(a) We pay the supervisory differential in the same manner and at the same time as the supervisor's basic pay (i.e., the differential is paid at an hourly rate for each hour during which the supervisor receives basic pay).

(b) The payroll office calculates the continuing pay of the supervisor and the subordinate on an annual basis, even though one or both of these individuals may work a part-time work schedule. (The continuing pay of the subordinate does not include overtime payments other than payment for administratively uncontrollable overtime or standby duty.)

(2) The amount of a supervisory differential must not cause the supervisor's continuing pay to exceed the continuing pay of the highest paid non-GS subordinate by more than 3 percent. A management official may recommend a differential for amounts equaling less than 3 percent.

(3) To compare the continuing pay of a GS supervisor with the continuing pay of a non-GS subordinate, you must include the following payments to determine the amount of continuing pay received by the supervisor:

(a) Basic pay, including a retained rate;

(b) Premium pay paid on an annual basis under 5 U.S.C. 5545(c); and

(c) Any other continuing payment, except night, Sunday, or holiday premium pay or hazardous duty pay, recruitment or relocation incentives, retention incentives, or similar payment under other legal authority.

(4) To compare the continuing pay of a GS supervisor with the continuing pay of a non-GS subordinate, you must include the following payments to determine the amount of continuing pay received by the subordinate:

(a) Basic pay, excluding a night or environmental differential, or similar payment under other legal authority;

(b) Any other continuing payment, except Sunday or holiday pay; recruitment, relocation, or retention incentive; and

(c) Premium pay paid on an annual basis.

(5) A supervisory differential is not part of the supervisor’s rate of basic pay.

C. Adjustments or Terminations:

(1) A supervisor may not continue to receive a supervisory differential when the continuing pay of the supervisor, less the supervisory differential, exceeds the continuing pay of the highest paid non-GS subordinate.

(2) The supervisor's manager must reduce or terminate the supervisory differential when the continuing pay of the supervisor, including the supervisory differential, exceeds the continuing pay of the highest paid non-GS subordinate by more than 3 percent (e.g., after he/she receives an annual pay adjustment, a within-grade increase, or a quality step increase).

(3) The supervisor's manager must reduce or terminate the supervisory differential no later than 30 calendar days after the date of the event that increased the continuing pay rate.

(4) A supervisor may not appeal the reduction or termination of a supervisory differential.

9.15 What records for incentives and supervisory differentials must the Service keep?

A. Servicing HROs must:

(1) Keep a record of each documented determination supporting payment of a recruitment, relocation, or retention incentive;

(2) Maintain a separate file of all documentation of the approval or disapproval of recruitment, relocation, and retention incentives so that this information may be reviewed as part of an HR accountability review or used to respond to requests from the Department or the Office of Personnel Management (OPM).

(3) Keep records for each determination to pay, adjust, or terminate a supervisory differential. The documentation must:

(a) Be sufficient to allow for the reconstruction of the action taken,

(b) Include the basis for determining the amount of the differential and the comparisons of continuing pay of both the supervisor and the subordinate, and

(c) Be kept in a separate file in an appropriate filing system so that they are accessible for HR accountability reviews or for other reasons.

(4) Submit data concerning each determination to establish, adjust, or terminate a supervisory differential to the Federal Personnel Payroll System as part of the regular submission for the OPM Central Personnel Data File.

B. After an incentive request is approved, the HRO must file the original signed service agreement on the left side of the employee's Official Personnel File until completion of the required service. The HRO will give copies of the signed agreement to the employee and keep a copy in the file described in section 9.15A(2).

C. HROs must keep these records for a minimum of 2 years or the duration of the service agreement, whichever is longer.

/sgd/ Paul Schmidt
ACTING DEPUTY DIRECTOR

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