 NIH Policy Manual

2300-575-1 - Recruitment, Relocation and Retention Incentives

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Transmittal Notice

1. Explanation of Material Transmitted: This chapter transmits the NIH policy on the use of recruitment, relocation and retention incentives. The recruitment, relocation and retention incentives policy contained in the 07/24/1996 issuance of this manual and in the 05/04/2000 issuance of NIH Manual 2300-575-2 is revised and combined into this issuance, therefore rescinding NIH Manual 2300-575-2. This issuance also changes the title from "NIH Salary Determination" to a new title of "Recruitment, Relocation and Retention Incentives." The salary determination policy contained in the 07/24/1996 issuance of this manual is removed and communicated in a new NIH Manual, 2300-531-2, “General Schedule (GS) Salary Determination,” dated 11/25/14.

2. Filing Instructions:

Remove:

- Manual 2300-575-1, "NIH Salary Determination," dated 07/24/96; and
- Manual 2300-575-2, "Title 42 Recruitment and Retention Incentives," dated 05/04/00.


PLEASE NOTE: For information on:

- Content of this chapter, contact the issuing office listed above.
- NIH Manual System, contact the division of Management Support, OMA on 301-496-2832, or enter this URL: https://oma.od.nih.gov/DMS/Pages/Manual-Chapters.aspx.

A. Purpose

This chapter transmits the NIH policy on the use of recruitment, relocation and retention incentives.
B. Background

Recruitment, relocation and retention incentives are designed to help the federal government recruit and retain quality employees who assist the NIH in fulfilling its mission. Recruitment and relocation incentives provide a monetary incentive for an individual to accept employment or a new assignment/new job location with the federal government. Retention incentives provide a monetary incentive for an individual or group to remain employed in the federal government in their present position.

C. Policy

1. Coverage:
   Recruitment, relocation and retention incentives may be paid to an eligible individual who is appointed to a position in any of the following pay systems:
   
   a. General Schedule (GS) – includes GP and GR under Title 38
   b. Senior-Level (SL)
   c. Scientific or Professional (ST) paid under 5 U.S.C. 5376
   d. Title 42 (AD) appointed under 42 U.S.C. 209(f) – CRS legacy
   e. Title 42 (RF) appointed under 42 U.S.C. 209(f)
   f. Title 42 (RG) appointed under 42 U.S.C. 209(g)
   g. Senior Executive Service (SES) paid under 5 U.S.C. 5383 as career appointees
   h. Executive Schedule (EX) paid under 5 U.S.C. 5311-5317
   i. Law Enforcement Officer (LEO)
   j. Senior Biomedical Research Service (SBRS)
   k. Prevailing Rate (WG)

2. Exclusions:
   Recruitment, relocation and retention incentives may not be paid to the following individuals:
   
   a. Presidential appointees
   b. Non-career appointees in the SES as defined in 5 U.S.C. 3132(a)(7)
   c. Individuals in positions excepted from the competitive service by reason of their confidential, policy-determining, policy-making or policy-advocating character
   d. Student appointees
   e. Members of the PHS Commissioned Corps
   f. Agency heads or those expected to receive appointment as an agency head
   g. Title 42 employees, other than those appointed under Title 42 U.S.C. § 209(f) or (g), SBRS, and other employees to the extent permitted by laws, regulations, and governing authorities

3. Approving Official:
   The approving official must be designated in accordance with the delegations of authority (DOA) located in the NIH DOA Database (see Section D.) and, for Title 42
scientists, subject to the provisions of the NIH Title 42 Pay Model or the IC Directors/NIH Deputy Directors Compensation Model.

4. Recruitment Incentives:
A recruitment incentive may be paid to a newly-appointed employee if it has been determined that the position is critical to the NIH mission and is likely to be difficult to fill in the absence of such an incentive. The decision to pay a recruitment incentive must be approved in writing before the prospective employee enters on duty in the position for which recruited.

a. Approval Criteria: The IC must document in writing:
   - The basis for determining that a position is likely to be difficult to fill considering the factors in 5 CFR 575.106(b);
   - The basis for authorizing a recruitment incentive;
   - The basis for the amount of the approved recruitment incentive payment and the length of the required service period; and
   - The basis for determining that the candidate would not accept the position without a recruitment incentive.

b. Amount of Payment: The amount of the incentive will be set at the minimum percentage that is necessary to obtain the services of a candidate. For GS and Title 42 employees, recruitment incentives are limited to one year and may not exceed 25 percent of the employee’s annual rate of basic pay in effect at the beginning of the service period. For Title 5 employees, payment of a recruitment incentive cannot cause total compensation to exceed aggregate pay limitations as described in section E4 of this manual issuance. Title 42 employees are subject to HHS limitations and NIH Delegations of Authority.

In determining the amount of the incentive, one or more of the following criteria should be used:
   - The current non-federal salary or salary plus fringe benefits that the candidate receives;
   - The projected cost of a renewed recruitment effort if the candidate does not accept the position;
   - The urgency of the program from a public health perspective, as might be indicated in the NIH strategic plan or by Congressional action; and/or
   - The specialized skills that the individual possesses that will benefit the NIH and that are in addition to the basic position requirements.

c. Method of Payment: A recruitment incentive will be paid in an initial lump sum payment at the beginning of the service period. The recruitment incentive is not considered part of an employee’s rate of basic pay for any purpose.

d. Service Agreement: Before an incentive may be paid, the employee must sign a written service agreement to fulfill a period of service equal to one year. Agreements must identify the length of service (one year) and total lump sum

e. Termination of Service Agreements: Service agreements may be terminated based on discretionary or mandatory reasons.

- **Discretionary termination:** A service agreement may be terminated based on the management needs of the office. Examples include: reduction in force or need to reassign the employee to a position with different terms of employment. The employee is entitled to the incentive payments that are attributable to completed service and to retain any portion of an incentive payment the employee received that is attributable to uncompleted service.

- **Mandatory termination:** A service agreement must be terminated if an employee is demoted or separated for cause (i.e., for unacceptable performance or conduct), if the employee receives a less than “Fully Successful” or “Achieved Expected Results” (see 5 C.F.R. 575.111(b)) during the period of the service agreement, or if the employee fails to fulfill the terms of the service agreement. The employee will retain any incentive payments that are attributable to completed service but must repay any portion attributable to uncompleted service.

- **NIH must notify an employee in writing when it terminates a service agreement.** Termination of a service agreement cannot be grieved or appealed.

- **When a Service Agreement is subject to Mandatory Termination,** the employee 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. If an employee must reimburse the federal government for any incentive payments received, NIH will take steps to recover amounts owed pursuant to regulations governing debt collection procedures.

## 5. Relocation Incentives:

A relocation incentive may be paid to a current federal employee who must relocate to accept a position in a different geographic area (at least 50 miles or more) that is critical to the NIH mission and is likely to be difficult to fill. A relocation incentive may be paid only when the employee’s official rating of record is at least “Fully Successful” or “Achieved Expected Results” for the position held immediately before the move. The decision to pay a relocation incentive must be approved in writing before the prospective employee enters on duty in the position to which relocated.

a. **Approval Criteria:** The IC must document in writing:

- The basis for determining that a position is likely to be difficult to fill as determined under 5 CFR 575.206(b);
- The basis for authorizing a relocation incentive;
- The basis for the amount of the approved relocation incentive payment and

The length of the required service period; and
6. Retention Incentives:
A retention incentive may be paid to a current NIH employee occupying a position that is critical to the NIH mission, if it is determined that the unusually high or unique qualifications of the employee, or a special need for the employee’s services, makes it essential to retain the employee and that the employee would be likely to leave the federal service in the absence of a retention incentive. The employee must have served as a full time employee within NIH for at least one full year to qualify for this incentive. An employee who is currently receiving a recruitment or relocation incentive and has not fulfilled the service agreement is not eligible to receive a retention incentive. A retention incentive may be paid only when the employee’s official rating of record is at least “Fully Successful” or “Achieved Expected Results” for the last annual rating of record.

- That the worksite of the employee’s new position is not in the same geographic area as the worksite of the position held immediately before the move (or that a waiver has been approved under 5 CFR 575.205(b)) and that the employee established a residence in the new geographic area, as required by 5 CFR 575.205(b). A position is considered to be in a different geographic area if the worksite of the new position is 50 or more miles from the worksite of the position held immediately before the move;
- Affirmation that the employee established a residence in the new geographic area and will remain in the new area for the length of the service period; and
- The basis for determining that the candidate would not accept the position without a relocation incentive.

b. Amount of Payment: The amount of payment for a relocation incentive is the same as for a recruitment incentive and the same aggregate pay limitations apply [see C.4.b., above].

In determining the amount of the incentive, the following factors should be used when documenting the decision in the request memo:

- The disparity in cost-of-living between the candidate’s current residence and the proposed duty station, as documented in a two location comparison, or similar type of cost-of-living comparison; and
- The personal or professional disruption that will occur as a result of relocation and/or the undesirability of the geographic area of the proposed duty station.

c. Method of Payment: The method of payment for a relocation incentive is the same as for a recruitment incentive [see C.4.c., above].
d. Service Agreement: The requirement of a service agreement for a relocation incentive is the same as for a recruitment incentive [see C.4.d., above].
e. Termination of Service Agreement: The requirements for terminating a Service Agreement for a relocation incentive are the same as for a recruitment incentive.
Whenever a retention incentive is based on the likelihood that an employee, who is eligible for retirement, is likely to retire if the incentive is not paid, the IC is required to develop a succession plan NTE two (2) years as part of the documentation. The succession plan should include: a) A contingency plan if the employee vacates the position; and b) If the employee retires, whether or not the employee will need to be replaced or if the work will be reassigned to another employee.

a. Approval Criteria: For each determination to pay a retention incentive, an organization must consider the factors, as applicable, under 5 CFR 575.306(b). The IC must document in writing:

- The basis for determining that the unusually high or unique qualifications of the employee and/or a special need of the NIH for the employee’s services makes it essential to retain the employee;
- The basis for determining that the employee would be likely to leave the Federal government in the absence of the retention incentive; and
- The basis for establishing the amount of the approved retention incentive payment.

A justification for a retention incentive must include evidence of the employee’s intention to leave. Some examples of compelling evidence would include a documented job offer, direct communication between the employee and their supervisor concerning the employee’s upcoming job interviews, or direct employee-supervisor communication concerning the employee’s plan to retire.

b. Amount of Payment: Retention incentive rates for individuals may not exceed 25 percent of the employee’s annual rate of basic pay. Payment of a retention incentive cannot cause total compensation to exceed aggregate pay limitations as described in section E.4. of this manual issuance.

The following factors may also be considered in establishing the amount of the incentive, however no individual factor provides sufficient basis alone to justify the amount of the incentive:

- The average salary reported in published salary surveys for comparable private sector positions, if available;
- The length of service and contribution of the employee while serving at the NIH;
- The estimated cost of recruitment and training associated with replacement of the employee, if he/she were to leave the NIH; and/or
- A competing written non-federal salary offer.

c. Method of Payment: A retention incentive is paid in equal bi-weekly installments over the retention period.
d. Service Agreements: A written service agreement is not required for a retention incentive. Although a service agreement is not required, the retention incentive request must have a not-to-exceed (NTE) date of one year. With written recertification (justification where the conditions placed on the initial incentive, why it is necessary to continue the incentive and the appointee’s current level of payment must be addressed) by the approving official, a retention incentive may be renewed for two additional years if there is no change in the amount/percentage of the incentive payment. A new retention incentive request with a new justification is required at the beginning of the fourth year.

e. Termination of Retention Incentive: If the employee is demoted or separated for cause (i.e., for unacceptable performance or conduct), receives a rating of record below “Fully Successful” or “Achieved Expected Results,” or if the employee leaves the position held at the time the incentive was approved, payment of the retention incentive must be terminated. Payment must be reduced or terminated if payment is no longer justified due to changes in labor-market factors, organizational need for employee services, budgetary considerations, or other factors. Please see 5 C.F.R. 575.311(f)(4).

f. NIH must notify an employee in writing when it terminates a retention incentive prior to its completion. Termination or reduction of a retention incentive cannot be grieved or appealed.

Group Retention Incentives: NIH may pay a retention incentive to an eligible Title 5 group or category of employees if the agency determines that the unusually high or unique qualifications of the group or a special need of the agency for the employees’ services makes it essential to retain the employees and that there is a high risk that a significant number of employees in the group would leave the NIH in the absence of a retention incentive. See 5 CFR 575.306(c)(2). Retention incentive rates for a Title 5 group or category may not exceed 10 percent of each employee’s annual rate of basic pay.

Group approval is not authorized for Title 42 Section 209 (f) and (g) employees, who may only be approved on an individual basis.

D. References

1. 5 U.S.C. 5753, Recruitment and Relocation Bonuses
2. 5 U.S.C. 5754, Retention Bonuses
3. 5 CFR 530, subpart B, Aggregate Limitation on Pay
4. 5 CFR 575, Subparts A, B, and C, Recruitment, Relocation, and Retention Incentives
5. HHS Instruction 575-1, Recruitment, Relocation and Retention Incentives, dated September 2013
6. OPM Fact Sheet on Recruitment Incentives
7. OPM Fact Sheet on Relocation Incentives
8. OPM Fact Sheet on Retention Incentives (likely to leave the Federal service)
9. OPM Fact Sheet on Retention Incentives (likely to leave for a different Federal position)
10. OPM Fact Sheet on Group Retention Incentives (likely to leave the Federal service)
11. OPM Fact Sheet on Group Retention Incentives (likely to leave for a different Federal position)
12. OPM Frequently Asked Questions and Answers about the 3Rs
13. NIH Delegations of Authority
14. NIH Form 2952, Recruitment and Relocation Incentives Service Agreement
15. NIH Form 2953, Retention Incentive Requests
16. NIH Form 2959, Recruitment, Relocation or Retention Incentive Terminations
17. NIH 3Rs Standard Operating Procedures
18. NIH Policy Manual 1743, Keeping and Destroying Records, Appendix 1, NIH Records Control Schedule

E. Definitions

1. Recruitment Incentive: An incentive paid to a newly-appointed employee if it has been determined that the position is critical to the mission of the organization, is likely to be difficult to fill in the absence of such an incentive.

2. Relocation Incentive: An incentive paid to a current federal employee who must relocate to accept a position in a different geographic area (at least 50 miles of more) if it has been determined that the position is critical to the mission of the organization, is likely to be difficult to fill in the absence of such an incentive, and the candidate is unwilling to accept the position without the incentive.

Note: Relocation incentives described under this manual chapter are separate from any allowances or expenses which may be authorized under the General Services Administration, Federal Travel Regulations, Chapter 302 in connection with movement to a new duty location.

3. Retention Incentive: An incentive paid to a current federal employee if it has been determined that the unusually high or unique qualifications of the employee or a special need of the organization for the employee’s services in a position critical to the mission of the organization makes it essential to retain the employee, and the employee would be likely to leave the federal service in the absence of a retention incentive. An employee must have served in a position at NIH for at least one year prior to being eligible for this incentive. An incentive is also allowable to retain an employee or group of employees when a general or specific notice of closure or relocation has been announced and they are essential to retain for mission requirements and are likely to leave for a different position in the federal service in the absence of a retention incentive.

4. Aggregate Pay Limitations: For GS employees and SBRS scientists, payment of these incentives is subject to the aggregate limitation on pay in a calendar year, which may not exceed the rate of pay of Level I of the Executive Schedule (5 C.F.R. 530.202).
For SES, SL and ST employees, payment of these incentives is subject to the aggregate limitation on pay in a calendar year, which may not exceed the rate payable to the Vice President at the end of the calendar year. Should the performance appraisal system not be certified, payment of the incentives may not exceed EX-1. For Title 42, Section 209 (f) and (g) scientists, payment is subject to the total compensation limits imposed by the Department of Health and Human Services for scientists under this authority and by NIH for specific Title 42 scientist categories and designations.

5. **Service Period Limitations**: Service periods begin on the first day of a pay period and end on the last day of a pay period.

**F. Records Retention and Disposal**

All records pertaining to this chapter must be retained and disposed of under the authority of NIH Manual 1743, "Keeping and Destroying Records," Appendix 1, "NIH Records Control Schedules" (as amended). These records must be maintained in accordance with current NIH Records Management and Federal guidelines. Contact your IC Records Liaison or the NIH Records Officer for additional information.

**G. Internal Controls**

The purpose of this manual issuance is to transmit the NIH policy on the use of recruitment, relocation and retention incentives.

1. **Office Responsible for Reviewing Internal Controls Relative to this Chapter**: The Office of the Director (OD), Office of Management (OM), Office of Human Resources (OHR), Compensation and Senior/Scientific Employment Division (CSSED)

2. **Frequency of Review (in years)**: Ongoing

3. **Method of Review**: OHR will conduct periodic post audits of incentives to ensure that the intent and integrity of the authority is preserved.

4. **Review Reports are sent to**: The NIH Deputy Director for Management and the Director, OHR