

# NIH Policy Manual

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

**Issuing Office:** OD/OM/OHR/CPD **Phone:** [\(301\) 496-0377](tel:3014960377)

**Approving Official(s):** OHR Director

**Release Date:** 2/02/2024 ?

### Transmittal Notice

1. **Explanation of Material Transmitted:** This chapter transmits the NIH policy on the use of recruitment, relocation, and retention incentives. This revision/update updates guidance on when employees become eligible for retention incentives.

2. **Filing Instructions:**

**Remove:** Manual 2300-575-1, "Recruitment, Relocation and Retention Incentives," dated 12/08/2022.

**Insert:** Manual 2300-575-1, "Recruitment, Relocation and Retention Incentives," dated 02/02/2024.

**PLEASE NOTE:** For information on:

- Content of this chapter, contact the issuing office listed above.
- NIH Policy Manual, contact the Division of Compliance Management, OMA, on 301-496-4606 or: <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 to attract and/or retain highly qualified employees to help the NIH fulfill its mission in a competitive labor market.

Recruitment, relocation, and retention incentives (collectively referred to as the “3Rs”) 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.

## B. Scope

1. This manual chapter is applicable to all eligible NIH employees who have been appointed to a position in any of the following pay systems:
  - a. General Schedule (GS) – includes GP and GR under [38 U.S.C. § 7431\(c\)](#)
  - b. Senior-Level (SL) paid under [5 U.S.C. § 5376](#)
  - c. Scientific or Professional (ST) paid under [5 U.S.C. § 5376](#)
  - d. Title 42 (AD) appointed under [42 U.S.C. 209\(f\)](#) – Clinical Research Support (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](#)
  - i. Law Enforcement Officer (LEO), as defined in [5 C.F.R. § 550.103](#)
  - j. Senior Biomedical Research and Biomedical Product Assessment Service (SBRBPAS) under [42 U.S.C. 237](#)
  - k. Prevailing Rate (WG)
2. This manual chapter is not applicable 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 Public Health Service Commissioned Corps
  - f. Agency heads or those expected to receive appointment as an agency head
  - g. Title 42 employees, other than those appointed under [42 U.S.C. § 209\(f\)](#) or [\(g\)](#), SBRBPAS, and other employees to the extent permitted by laws, regulations, and governing authorities

## C. Policy

### 1. Approving Official:

The approving official must be designated in accordance with the delegations of authority (DOA) located in the NIH DOA Database (see Section E.) 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.

### 2. 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 Institute, Center or Office (ICO) must document in writing:

- The basis for determining that a position is likely to be difficult to fill considering the factors in [5 C.F.R. § 575.106\(b\)](#);
- The basis for authorizing a recruitment incentive;
- The basis for the amount and timing of the approved recruitment incentive payment (i.e., lump sum at the beginning of the service period) 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. Recruitment incentives may not exceed 25 percent of the employee's annual rate of basic pay in effect at the beginning of the service period multiplied by the number of years in the service period (i.e., one year). Payment of a recruitment incentive cannot cause total compensation to exceed applicable aggregate pay limitations as described in section F.6. of this manual issuance.

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 payment. See [5 C.F.R. § 575.110](#).

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, including a reduction in force, insufficient funds, or need to reassign the employee to a different position that is not within the terms of the service agreement. 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 1) an employee is demoted or separated for cause (i.e., for unacceptable performance or conduct), 2) if the employee receives a performance rating of record less than “Fully Successful” or “Achieved Expected Results” (see [5 C.F.R. § 575.111\(b\)](#)) during the period of the service agreement, or 3) if the employee otherwise fails to fulfill the terms of the service agreement. The employee will retain any incentive payments received that are attributable to completed service, but must repay any portion 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.
- **Note:** NIH must notify an employee in writing when it terminates a service agreement. Termination of a service agreement cannot be grieved or appealed.

### **3. 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 from the worksite of the position held immediately before the move) that is critical to the NIH mission and is likely to be difficult to fill in the absence of an incentive. A relocation incentive may be paid only when the employee’s performance rating of record for the position held immediately before the move is at least “Fully Successful” or “Achieved Expected Results.” 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 ICO must document in writing:

- The basis for determining that a position is likely to be difficult to fill as determined under [5 C.F.R. § 575.206\(b\)](#);
- The basis for authorizing a relocation incentive;
- The basis for the amount and timing of the approved relocation incentive payment (i.e., lump sum at the beginning of the service period) and the length of the required service period;
- 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 C.F.R. § 575.205\(b\)](#)) and that the employee established a residence in the new geographic area, as required by [5 C.F.R. § 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 official duty station 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 (the employee may verify proof of residence through a lease, proof of purchasing property, or similar documentation); 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.2.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.2.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.2.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 [see C.2.e above], with the addition of an employee's failure to maintain residency in the new geographic area for the duration of the service agreement as a reason for mandatory termination of an agreement.

#### **4. 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. 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 performance rating of record is at least "Fully Successful" or "Achieved Expected Results" for the last annual rating period, and the employee has occupied the position for which the incentive is based for at least 90 days. Retention incentives may not be authorized in conjunction with a promotion or position change.

a. Approval Criteria: For each determination to pay a retention incentive, an organization must consider the factors, as applicable, under [5 C.F.R. § 575.306\(b\)](#). The ICO 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 and timing of the approved retention incentive payment (i.e., in equal bi-weekly installments)

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 F.6. 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 they were to leave the NIH; and/or
- A competing written non-federal salary offer.

c. Succession Plans: The ICO should have in place an effective succession plan for leadership and non-leadership positions, detailing its strategy to eventually eliminate or reduce the need for the use of a retention incentive. Succession plans:

- Must discuss the quality and availability of potential source employees who possess the competencies required for the position and who, with minimal training, cost, and disruption of the service to the public, could perform the full range of duties and responsibilities of the employee's position at the level performed by the incumbent.

- May include future recruitment and training efforts, and changes in the distribution of workflow, the effectiveness of processes or measures that have been considered to retain the employee's services without paying the incentives.
- d. Method of Payment: A retention incentive is paid in equal bi-weekly installments (i.e., after the completion of each pay period of service, over the retention period).
- e. Service Agreements: As payments are made in equal bi-weekly installments over the course of the retention period, a written service agreement is not required for a retention incentive. Although a service agreement is not required, the retention incentive authorization must have a not-to-exceed date of one year. Retention incentives may be renewed, subject to the same approval criteria of this manual chapter and the NIH Delegations of Authority, if the conditions warranting approval still exist. The factors justifying approval must be documented upon every renewal.
- f. Termination of Retention Incentive: Retention incentives may be terminated for discretionary or mandatory reasons:
- Discretionary Termination: A retention incentive authorization may be terminated based on the management needs of the office, even if the conditions giving rise to the original determination to pay the incentive still exist (see [5 C.F.R. § 575.311\(f\)\(4\)](#)).
  - Mandatory Termination: If the employee 1) is demoted or separated for cause (i.e., for unacceptable performance or conduct), 2) receives a rating of record below "Fully Successful" or "Achieved Expected Results," or 3) 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 at the level originally approved or at all due to changes in labor-market factors, organizational need for employee services, budgetary considerations, or other factors.
  - Note: NIH must notify an employee in writing when it reduces or terminates a retention incentive prior to its completion. Termination or reduction of a retention incentive cannot be grieved or appealed.
- g. Group Retention Incentives: NIH may pay a retention incentive to an eligible 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 C.F.R. § 575.306\(c\)\(2\)](#). Retention incentive rates for a group or category may not exceed 10 percent of each employee's annual rate of basic pay. Group approval is not authorized for employees in SES, SL, or ST positions, or employees appointed under Title 42 authorities (e.g., 209(f) and (g), SBRBPAS). Incentives for these employees must be approved on an individual basis.

## **D. Roles and Responsibilities**

Responsibility for NIH-wide policy issued in the NIH Policy Manual is shared among several entities within NIH. Primary roles and responsibilities of various organizations within NIH are described below:

### **1. Institutes, Centers and Offices (ICO)**

- a. Determines whether an employee meets the requirements for receiving a 3R , and ensures consistent application of 3Rs policy.
- b. Ensures that approvals follow the 3Rs Delegations of Authority and submits all required documentation to OHR.
- c. Notifies an employee in writing when it reduces or terminates a 3R prior to its completion.

### **2. NIH Office of Human Resources/Client Services Division (Branches)**

- a. Advises ICO managers of the use of 3Rs to recruit and retain employees.
- b. Ensures compliance with 3Rs regulatory and policy requirements prior to processing the incentive request for payment.
- c. Prepares request packages for any 3Rs requiring NIH leadership approval.

### **3. NIH Office of Human Resources/Client Services Division (Final Authorizers Unit)**

- a. Processes approved 3Rs requests through the Enterprise Human Capital Management.
- b. Arranges repayment procedures when employees do not fulfill the requirements of 3Rs service agreements.

### **4. NIH Office of Human Resources/Compensation and Policy Division**

- a. Develops NIH 3Rs policy in compliance with law, regulation, and policy. Stays abreast of government-wide 3Rs issues.
- b. Creates, maintains and advises OHR and ICO staff on 3Rs policy.
- c. Reviews 3Rs cases that require NIH leadership approval.

### **5. NIH Office of Human Resources/Division of Senior and Scientific Executive Management**

- a. Advises ICO and NIH leadership on the use of 3Rs to recruit and retain employees.
- b. Reviews all 3R requests for SES/SL/ST employees and forwards to NIH and HHS leadership for decision.
- c. Coordinates processing of approved 3Rs requests.

## E. References

- 0.
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 42-1, Appointment of 42 U.S.C. § 209\(f\) Special Consultants, dated March 2015](#)
6. [HHS Instruction 42-2, Appointment of 42 U.S.C. § 209\(g\) Service Fellows, dated September 2012](#)
7. [HHS Instruction 42-3: Senior Biomedical Research and Biomedical Product Assessment Service, dated July 2021](#)
8. [HHS Instruction 575-1, Recruitment, Relocation and Retention Incentives, dated September 2013](#)
9. [OPM Fact Sheet on Recruitment Incentives](#)
10. [OPM Fact Sheet on Relocation Incentives](#)
11. [OPM Fact Sheet on Retention Incentives \(likely to leave the Federal service\)](#)
12. [OPM Fact Sheet on Group Retention Incentives \(likely to leave the Federal service\)](#)
13. [OPM Frequently Asked Questions and Answers about the 3Rs](#)
14. [NIH Delegations of Authority, Recruitment Incentives](#)
15. [NIH Delegations of Authority, Relocation Incentives](#)
16. [NIH Delegations of Authority, Retention Incentives](#)
17. [NIH Form 2952, Recruitment and Relocation Incentives Service Agreement](#)
18. [NIH Form 2953, Retention Incentive Requests](#)
19. [NIH Form 2959, Recruitment, Relocation or Retention Incentive Terminations](#)
20. [NIH 3Rs Standard Operating Procedures](#)
21. [NIH Policy Manual 1730, Forms Management](#)
22. [NIH Policy Manual 1743, Managing Federal Records](#)

## F. Definitions

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1. **Rate of Basic Pay:** Rate of pay fixed by law or administrative action for the position to which an employee will be appointed before deductions and including any special rate, locality pay. This does not include pay of any other kind such as night or environmental differentials, or Physicians' Comparability Allowance (PCA). Incentive payments are not a component of basic pay for any purpose.
2. **Annual Pay:** For employees receiving Title 5 with Title 38 PDP, the sum of the General Schedule (GS) pay rate and market pay. Annual pay is base pay for the purposes of recruitment, retention, and relocation incentives.
3. **Recruitment Incentive:** An incentive paid to a *newly-appointed* employee, as that term is defined in [5 C.F.R. § 575.102](#), if it has been determined that the position is critical to the mission of the organization and is likely to be difficult to fill in the absence of such

an incentive.

4. **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 or more from the worksite of the position held immediately before the move), if it has been determined that the position is critical to the mission of the organization and is likely to be difficult to fill in the absence of such an 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.
5. **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 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.
6. **Aggregate Pay Limitations:** For GS employees, 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 SBRBPAS, Title 5 with Title 38 PDP, and Title 42, Section 209 (f) and (g) scientists, payment must comply with Department limits and is also subject to the total compensation limits imposed by NIH for specific scientist categories and designations.
7. **Service Period Limitations:** Service periods begin on the first day of a pay period and end on the last day of a pay period.