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HRDG 4500 - Recruitment and Retention Incentives - Section E

Last Modified:

Subchapter 4500 - Recruitment and Retention Incentives

Section E - Recruitment and Relocation Incentives

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A recruitment incentive, of up to 25 percent, may be paid to a newly appointed employee (or group of employees) when a written determination has been made that the position is likely to be difficult to fill with a high quality candidate without the use of the incentive. It may be paid to a candidate who:

- Has received a written job offer and
- Has signed a written service agreement.

For the purposes of paying a recruitment incentive, newly appointed means:

- The first appointment to the Federal service (regardless of tenure),
- An appointment of a former employee following a break in service of at least 90 days (5 CFR 575.102), or
- An appointment as an employee of the Federal government when the employee's Federal service during the 90-day period immediately preceding the appointment was limited to one or more of the following:
 - A time-limited or non-permanent appointment in the competitive or excepted service;
 - A non-permanent appointment (excluding schedule C's under 5 CFR 213) in the competitive or excepted service;
 - Employment with the District of Columbia (DC) government if the first appointment by the DC government was on or after October 1, 1987;
 - An appointment as an expert or consultant under 5 USC 3109 and 5 CFR 304;
 - Employment under a provisional appointment designated under 5 CFR 316.403; or
 - Employment under the Student Career Experience Program under 5 CFR 213.3202(b).

What is a Recruitment Incentive?

The employee must sign a service agreement agreeing to work for the agency for a minimum of 6 months and a maximum of 4 years. If you offer an incentive for a temporary position, the appointment must be for at least

Group Recruitment Incentives

Programs may target groups of positions that have been difficult to fill in the past or may be difficult to fill in the future similar to individual incentives as described above. In order to offer a recruitment incentive to a group of employees, Programs must:

- Define, in writing, a targeted category of positions that relate to the [Justification Criteria](#). Additional appropriate defined factors may include:
 - Occupational series
 - Grade level
 - Distinctive job duties
 - Unique competencies required for the positions and
 - Geographic location.
- Programs must review in writing, annually, the criteria in (1) above to determine whether positions are still likely to be difficult to fill. If Programs determine that the group of positions are no longer likely to be difficult to fill then the group recruitment incentive must no longer be offered to newly-appointed employees in that group on a group basis. (FR 49359 Vol.78, No.157 dtd 8/14/13)

Programs may request, in writing, a waiver to offer greater incentives based on a written determination that the competencies required to fill the positions are critical to the successful accomplishment of an important Agency mission, project, or initiative (e.g., programs or projects related to a national emergency or implementing a new law or critical management initiative). If a waiver is obtained then the total paid may not exceed 50% of the employee's annual rate of basic pay at the beginning of the service period multiplied by the number of years (including fractions of a year) in the service period. At no time will a waiver provide total incentive payments exceeding 100% of the employee's annual rate of basic pay at the beginning of the service period.

**Group Recruitment
Incentives over 25%**

Waiver requests must be forwarded to the HRD Director and:

- Describe the critical Program need that the proposed incentive would address.
- Provide the basis for determining that the position(s) is/are likely difficult to fill in the absence of an incentive.
- Provide the basis for authorizing an incentive.
- Provide the basis for the amount and timing of the approved incentive payment.
- Describe the length of the required service period.
- Address the applicable [**Justification Criteria**](#).
- Provide any other information pertinent to the request.

HRD will review the request and forward it to OHRM for consideration. HRD will notify the Program of OHRM's decision. (FR 49359 Vol. 78, No. 157 dtd 8/14/13)

A relocation incentive, of up to 25 percent of annual basic pay, may be paid when a written determination has been made that, in the absence of such an incentive, difficulty would be encountered in filling the position with a high quality employee. It may be paid to a current employee who must relocate to accept a position:

- In a different commuting or geographic area, or
- Whose duty station has changed permanently or temporarily to a different commuting area (Departmental Manual [DM] 4050 - 575 - 001 dtd 06-21-2010).

What is a Relocation Incentive?

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. If the worksite of the new position is less than 50 miles from the worksite of the position held immediately before the move but the employee must relocate (i.e. establish a new residence) to accept the position, a waiver may be granted by the Agency.

NOTE: When determining the percentage level of incentive (dollar amount), ensure that it complies with any Division, Program, Agency, and/or OPM limits. **ALL** paperwork must be completed and submitted to HRO for review/processing **PRIOR to** the employee entering on duty.

You must make the decision to pay a Recruitment or Relocation Incentive before or after the recruitment or announcement takes place. The decision **must** be made, in writing, before the employee actually enters on duty in the position to which recruited or relocation (5 CFR 575.108[b] and 208[a][3] and all paperwork must be completed and forwarded to HRO prior to the employee entering on duty. The decision must be considered in addition to any decision made to reimburse the employee for relocation expenses paid under the GSA's FTR.

Neither a Recruitment incentive nor a Relocation incentive is considered to be part of the basic pay of an employee; therefore, the payment of either incentive plan has no effect on the employee's future pay entitlements such as retirement, life insurance, premium pay, etc.

Before you may pay a Relocation incentive to an employee, the employee must establish a residence (e.g., rent an apartment) in the new commuting area (5 CFR 575.205 [b]).

The employee must maintain residency in the new geographic area for the duration of the service agreement (See: 5 CFR 575.205[b]). Programs must define the limits of the new geographic area in the SA for the purpose of determining whether an employee maintains residency in that geographic area for the duration of the SA (5 CFR 575.102[d]). (FR 49359 Vol. 78, No. 157 dtd 8/14/13)

Conditions

An employee receiving a relocation incentive may establish a residence in the new geographic location in several ways, including but not limited to—

- purchasing or renting of a home, apartment, or condominium;
- residing at a residence of a friend or family member; or
- temporarily residing at a hotel

With written justification (see Justification Criteria below), MRP Administrators may approve the payment of **relocation** incentives to **groups** of employees (each employee must have at least a Fully Successful or equivalent rating of record):

**Relocation
Incentives for
Groups of
Relocated
Employees**

- Who are subject to mobility agreements (requires a determination that the incentives are necessary to retain these employees), OR
- Whose function is transferred to another commuting area (requires a determination that the incentives are needed to ensure continued operations without undue disruption to an essential agency activity/function and/or without undue disruption of service to the public).

Note: In most situations, relocation incentives will be offered on a case-by-case basis.

Before an incentive may be paid your candidate or employee must sign a service agreement (SA) that lasts for a minimum of 6 months and a maximum of four (4) years agreeing to:

(1) Remain employed with the USDA agency to which recruited or successor agency in the event of a transfer of function, or

(2) Remain employed with the USDA agency at the new duty station to which relocated.

See: USDA-DM-4050-575-001 Chapter 2, Section 3, dated June 21, 2010; 5 CFR 575.110

On a case-by-case basis, you may require a candidate or employee to remain employed with the agency for up to a maximum of 4 years. In such cases, you must provide written justification (attached to the [AD-1073](#)) to the approving official for increasing the minimum period beyond the initial 6 months. When preparing your written justification consider:

- Training/orientation time for full productivity
- Unusually high incentive percentage of salary
- Exceptional labor market competition
- Work of a project nature, or
- Other exceptional circumstances.

Programs may delay the start of a SA date until after the employee completes:

- An initial period of formal training, or
- A required probationary period

When continued employment in the position is contingent on successful completion of either.

If the above is applicable, the SA must:

- Specifically state the above requirement.
- Specify that failure to complete the requirement before the service period begins will terminate the Agency's obligation to pay any portion of the incentive to the employee.

**Service Agreement
Check list**

The attached [Recruitment/Relocation Incentive Agreement checklist](#) (219.07 KB) is to be used by both the supervisor and the staffing specialist to ensure that all aspects of the service agreement have been addressed. The check list is to be kept with the staffing case file.

The following table compares the maximum recruitment or relocation amounts that would be payable to an employee for various service period lengths. The maximum incentive amount is calculated by multiplying the employee's annual rate of basic pay (as in effect at the beginning of the service period) x maximum incentive percentage x length of the service period. The maximum incentive an agency may authorize is 25 percent or, with OPM approval based on a critical agency need, 50 percent. At no time may an incentive exceed 100 percent of the employee's rate of basic pay.

Note: The amounts shown are the *maximum* incentive amounts you may pay for the stated period of service. (The maximum incentive amount under the 50 percent cap is shown in italics.) You may always choose to pay a lower incentive rate for the same period of service. (See 5 CFR 575.109 and 575.209.)

Examples of Rate of Basic Pay of \$94,796

Examples for Calculating Maximum SA Recruitment/Relocation Incentives Lengths	The Formula		
	If Length of the Service Agreement is:	(annual rate x maximum incentive percentage x years in service period) is:	And the Maximum Incentive Amount is:
	1/2 year	\$94,796 x 25% x .5 years	\$11,849.50
		\$94,796 x 50% x .5 years	\$23,699
	1 year	\$94,796 x 25% x 1 year	\$23,699
		\$94,796 x 50% x 1 year	\$47,398
	1 1/2 years	\$94,796 x 25% x 1.5 years	\$35,548.50
		\$94,796 x 50% x 1.5 years	\$71,097
	2 years	\$94,796 x 25% x 2 years	\$47,398

**Service
Agreement
Terminations**

If you voluntarily terminate your employment with the USDA agency to which recruited/relocated before the expiration of the service agreement, you must repay the incentive on a pro rata basis. The amount to be repaid will be determined by providing credit for each full month of employment you completed under the agreement.

You do not have to repay the incentive if you are involuntarily separated. "Involuntarily separated" means a separation action initiated by the Agency against your will and without your consent for reasons other than cause on charges for misconduct or delinquency. It includes a separation resulting from your actual inability to do the work following genuine efforts to do so, but does not include a separation under 5 CFR 752 or equivalent procedure that involves wrong doing on your part. If you are separated due to declination to accept a reassignment outside the commuting area, the separation is considered involuntary if your position description or other written agreement does not provide for such a reassignment. However, your separation is considered voluntary if after a written mobility agreement is added, you accept one reassignment outside the commuting area, but subsequently decline another reassignment. (5 CFR 575.111 and Departmental Manual 4050 - 575, 1-5).

Any debt owed by you will be recovered under USDA regulations for collection by offset under 5 U.S.C. 5514 and 5 CFR 550 Subpart K or through the appropriate provision governing Federal debt collection if the individual is no longer a Federal employee.

The right to recoup any debt owed by you may be waived in whole or in part by the agency head (or designee) if s/he determines that recovery would be against equity and good conscience or against the public interest.

	<p>And the portion received as of the date of the terminated SA is:</p>	
<p>If the SA is Terminated because:</p>		<p>Then :</p>

Management
needs of the
agency,

(5 CFR
575.111[a] and
575.211[a])

Equal to or less
than the
prorated
amount of the
total incentive
attributable to
completed
service,

- The employee keeps incentive payments received prior to termination of the SA
- The Agency must pay employee all outstanding payments not yet received for completed service
- No additional payment by agency for uncompleted service.

(5 CFR 575.111[e]
and 575.211[e])

Greater than
the prorated
amount of the
total incentive
attributable to

- The employee keeps incentive payments received prior to termination of SA (including payment attributable to uncompleted service)

**Do I Repay
My incentive
If I Am
Promoted or
Reassigned?**

In another USDA agency, the service agreement will be transferred with you and no repayment will be required by your former agency. Any subsequent payments due to you will be the responsibility of the new hiring Agency. However, if you then fail to complete the remainder of the service agreement with the new USDA agency, you will be indebted to the Agency that made payment.

In deciding whether to request or approve payment of a recruitment or a relocation incentive and in determining the amount to be paid, you must consider the following factors, as applicable (DM 4050 - 575, 1-7):

- The availability and quality of candidates possessing the competencies required for the position.
- The success of recent efforts to recruit high quality candidates for similar positions, including indicators such as:
 - Offer acceptance rates (job offers accepted divided by job offers made)
 - Proportion of similar positions filled (number of positions filled divided by total number of approved positions), and
 - The length of time required to fill similar positions.

Recent turnover (number of employees hired to replace those who have quit or the ratio of this number to the number of employees) in similar positions.

- Labor-market factors that may affect the ability to recruit high quality internal or external candidates for similar positions now or in the future (may include such factors as salary ranges of comparable positions, scarcity of skills, emerging technology, etc.).
- Special or unique qualifications needed for the position.
- Funding availability.
- Positive and negative impact on the morale of current employees who have not received an incentive.
- Attractiveness of the duty station in terms of remoteness, living costs, local amenities, etc.
- For recruitment incentives, the practicality of using the Superior Qualifications Appointments (see **Section D**) or a Student Loan Repayment (see [**HRDG 4537**](#)) alone or in combination with a recruitment incentive or (5 II S.C. 5333 and 5 C.F.R.

Justification Criteria

As specifically addressed in a signed service agreement, recruitment or relocation incentives may be paid as:

**Payment
Methods**

- An initial lump-sum payment at the start of the service period or before the employee enters on duty;
- In equal or variable Installments throughout the service period;
- A final lump-sum once the service period is fulfilled, or

A combination of any of the above.

**Requesting
Official**

The requesting official is generally the first level supervisor.

**Recommending
Official (RO)**

The following positions are delegated the authority to sign [**AD-1073's**](#) as RO's for GS-1 through GS-15 (under 5 USC 5332 or 5305 [or similar special rate authority]) employees or prevailing rate (wage) positions (under 5 USC 5342 [a] [3]).

Agency Recommending Officials

AMS Deputy Administrator

APHIS Deputy Administrator

GIPSA Deputy Administrators

Agency Administrators are delegated the authority to review and approve recruitment and relocation incentives.

**Approving
Officials**

This authority can only be re-delegated to the:

- Deputy Administrator for Marketing and Regulatory Programs Business Services, or
- Director, Human Resources Division.

Step	Who?	Does What?
1	Requesting official, typically the first level supervisor	<ul style="list-style-type: none"> • Consults justification criteria. • Works with Human Resources Operations (HRO) to develop written justification and completes Form AD-1073, Recommendation and Approval of a Recruitment/Relocation/ Retention Incentive. • Ensures that the percentage level of the incentive (dollar amount), complies with any Division, Program, Agency, and/or OPM limits. • Completes Recruitment/Relocation Incentive Agreement checklist (219.07 KB)) • Obtains employee's signature on the AD-1074. • Forwards the completed package to the Recommending Official.

Note: Completed package includes:

- [AD-1073](#),
- Written justification, and
- [AD-1074](#).

Note: All documentation must be received by the HRO before the employee enters on duty. This is needed to record that the incentive was properly approved before the employee entered on duty.

The Secretary of Agriculture retains the authority to review and approve the payment of recruitment, relocation, and retention incentives to employees appointed:

**Authority
to Approve
Incentives for
Certain High-
Level Individuals**

- To a senior-level or scientific or professional position paid under 5 U.S.C. 5376;
- To a Senior Executive Service position paid under 5 U.S.C. 5383;
- To a position under the Executive Schedule established under 5 U.S.C. Chapter 5311-5317, 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

To an executive branch position filled by Presidential appointment (with or without the advice and consent of the Senate).

**Annual Review of
Group Recruitment
Incentives**

Programs must annually review the need to continue granting a recruitment incentive for a group of similar positions. This written review must address whether the positions are still likely to be difficult to fill.

Determinations that positions are no longer likely to be difficult to fill prohibit the Program from offering a recruitment incentive to newly-appointed employees in that group on a group basis. (FR 49359 Vol. 78, No. 157 dtd 8/14/13).

~~In addition to the record requirements on the Records/ Reports Chart in **Section A**,~~ The Human Resource Office also must maintain the following information:

- Employee Name
- Organizational Title
- Annual (Starting) Salary
- Copy of Signed Justification
- Copy of the service agreement Form [AD-1074](#), and the [AD-1073](#).
- Written justification for increasing the minimum period of employment (if applicable).
- Percentage of salary received as an incentive.
- Amount of incentive.
- Data about appointees or candidates or employees approached in the recruitment or relocation efforts for this particular position:
 - The number who were **offered** a recruitment incentive or relocation incentive.
 - The percentage of salary **offered** as a recruitment incentive or relocation incentive to each.
 - The number who **rejected** the recruitment incentive or relocation incentive offered (include reasons).

Records

Note: Programs submit above information to the SPO within 60 calendar days.

Records may be destroyed by the SPO three (3) years after the date of approval, upon completion of the service agreement, or upon termination of the incentive or differential payment, whichever is later. Longer retention is permitted if required for business use. (See: [DAA-GRS2016-00150011](#).)

HRD and OHRM will conduct periodic reviews of the use of these incentives. During these reviews, Agency Programs will be asked to provide a written evaluation of:

Reports

- The overall effect of the payment of recruitment incentives on the ability of the agency to fill key positions with high quality candidates, and
- A written evaluation of the effect of the payment of relocation incentives on the ability of the agency to fill key positions with high quality candidates and to foster geographic mobility among high quality candidates within the agency.

HRD will provide reports and data to OHRM upon request.

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