



DEPARTMENT OF THE ARMY  
HEADQUARTERS, U.S. ARMY OPERATIONS SUPPORT COMMAND  
1 ROCK ISLAND ARSENAL  
ROCK ISLAND, IL 61299-6000

REPLY TO  
ATTENTION OF:

AMSOS-CG (690-500)

10 JUN 2002

MEMORANDUM FOR All OSC/FSC Commanders, Deputies, Directors, and  
Office Chiefs

SUBJECT: Recruitment and Relocation Bonuses and Retention  
Allowances (3Rs)

1. Reference, Federal Employees Pay Comparability Act (FEPCA), 1990.
2. The FEPCA authorized heads of agencies to pay recruitment and relocation bonuses and retention allowances. It also allowed delegation within the agencies. Past policy has been to submit any requests to HQ, OSC for review and approval due to the magnitude of downsizing efforts the command experienced in the 1990s.
3. I hereby delegate review and approval authority as stated in the OSC guide (encl). For the vast majority of requests, those approvals will be made by the installation commander. You should exercise this authority judiciously and assure that you have the necessary funding available locally.
4. The POC is Mr. Dan Dickman, AMSOS-HRC-P, DSN 793-4497, e-mail dickmand@osc.army.mil.

Encl

  
WADE H. MCMANUS, JR.  
Major General, USA  
Commanding

*AN OSC GUIDE TO  
RECRUITMENT AND RELOCATION  
BONUSES  
AND  
RETENTION ALLOWANCES*



*U.S. ARMY OPERATIONS SUPPORT  
COMMAND*

*01 JUN 02*

*Encl*

## **RECRUITMENT BONUSES**

### 1. **References:**

- a. 5 USC 5753;
- b. 5 CFR 575 Subpart A;
- c. DoD 1400.25-M, Subchapter 575.

2. **What is a recruitment bonus?** A recruitment bonus is a one-time lump-sum payment of up to 25% of the annual rate of basic pay, paid to a newly-appointed employee, upon determination that, in the absence of such a bonus, difficulty would be encountered in filling the position.

### 3. **Who is eligible for a recruitment bonus?**

a. The employee must be “newly appointed.” That means:

- it is his/her first appointment as an employee of the Federal government; or
- the appointment follows a break in service of at least 90 days. However, a 90 day break in service is not required after the following types of appointments: employment under the Student Educational Employment Program, employment as a law clerk trainee, employment while a student during school vacations under a short-term temporary appointing authority, employment under a provisional appointment if the new appointment is permanent and immediately follows the provisional appointment, or employment under a temporary appointment that is neither full-time nor the principal employment of the candidate.

b. Recruitment bonuses may be paid to employees who are placed in a positions which are:

- GS/GM,
- prevailing rate (wage grade),
- scientific and professional or senior-level (ST/SL),
- Senior Executive Service (SES), or
- law enforcement officers as defined in 5 CFR 550.103.

c. Before payment of a recruitment bonus, the employee must sign a written agreement to serve a minimum of six months with the Department of Army. However, where appropriate, an offering official is encouraged to seek agreements requiring a period of service beyond six months especially in situations where higher level percentages are approved. Failure to complete the agreement will obligate the employee to a pro rata repayment of the bonus. A sample agreement is attached.

#### 4. How is a recruitment bonus initiated?

a. **Documentation required.** Recruitment bonuses must be based on a written determination by the **approving official** that, in the absence of such a bonus, the organization would have difficulty filling the position. Such a determination must be made before the employee actually enters on duty in the position for which he/she was recruited. The written certification must describe the following factors, as applicable in the case at hand:

- the success of recent efforts to recruit candidates for similar positions, including indicators such as offer/acceptance rates, the proportion of positions filled, and the length of time required to fill similar positions;
- recent turnover in similar positions;
- labor-market factors that may affect the organization's ability to recruit candidates for similar positions now or in the future;
- special qualifications needed for the position; and
- the practicality of using a superior qualifications appointment as provided by 5 CFR 531.203(b), (appointment above the minimum step) separately or in combination with a recruitment bonus.

#### b. **Approval process.**

- Most requests for recruitment bonuses will be initiated by the immediate supervisor or the business center director. The required review and approval of recruitment bonuses will be completed by the installation commander, or activity director, (**approving official**) as appropriate, based on certification that funds are available and required documentation that, in the absence of such a bonus, difficulty would be encountered in filling the position; and by the Chief of the servicing Civilian Personnel Advisory Center (CPAC), based on regulatory compliance. In cases where the installation commander or activity director initiates the bonus process, the review and approval (**approving official**) will be completed by the OSC Chief of Staff. The OSC Chief of Staff will be the approving official for all requests from HQ, OSC offices to include the DMA. The determination that a recruitment bonus will be paid must be made before the employee actually enters on duty in the position for which recruited.
- Recruitment bonuses for OSCs Senior Executive Service members must be approved by the Department of the Army.

5. Can a recruitment bonus be paid to a group of employees? Yes, with Department of Defense (DoD) approval. DoD may target groups of positions that have been difficult to fill in the past or that may be difficult to fill in the future and may make the required written determination to offer a recruitment bonus on a group basis.

#### 6. Where can I get additional information?

- You'll find The Office of Personnel Management's Frequently Asked Questions at their website at <http://www.opm.gov/oca/pay/HTML/Q&ARRR.htm>.
- You can also get additional information from your servicing Civilian Personnel Advisory Center.

**U.S. ARMY OPERATIONS SUPPORT COMMAND  
RECRUITMENT BONUS SERVICE AGREEMENT**

1. Legal authority: 5 United States Code 5753; Title 5, Code of Federal Regulations, Section 575, Subpart A.

2. Employee name and Social Security number:

Position title, series, and grade:

Location:

Salary:

Recruitment bonus amount:

Percentage of basic pay (exclusive of locality pay) :

Length of agreement:

3. I understand and agree that:

a. As a condition of accepting the lump sum payment, I will remain employed with the Department of Army from the effective date of my appointment at least through the expiration date of this agreement, unless the agreement is terminated sooner as indicated below.

b. If I fail to complete the period of employment established under this agreement (except as provided in paragraph 3c below), I shall repay the recruitment bonus on a pro rata basis. The amount to be repaid shall be determined by providing credit for each full month of employment completed under the agreement.

c. I will not be obligated to repay the recruitment bonus if I am involuntarily separated. An involuntary separation is a separation initiated against my will and without my consent for reasons other than cause on charges of misconduct or delinquency. It includes a separation resulting from my inability to do the work following genuine efforts to do so. It does not include a separation under adverse action or equivalent procedures for reasons that involve culpable wrongdoing on my part. If I am separated because I decline to accept reassignment outside my commuting area, the separation is involuntary if my position description or other written agreement does not provide for such reassignment. However, a separation is not involuntary if, after such a written mobility agreement is added, I accept one reassignment outside my commuting area, but subsequently decline another such reassignment.

d. This agreement does not in any way commit the government to continue my employment.

Applicant's signature and date: \_\_\_\_\_

Approving official's signature and date:

\_\_\_\_\_  
Installation Commander/Activity Director

\_\_\_\_\_  
Chief, Civilian Personnel Advisory Center

## **RELOCATION BONUSES**

### 1. **References:**

- a. 5 USC 5753;
- b. 5 CFR 575 Subpart B;
- c. DoD 1400.25-M, Subchapter 575.

2. **What is a relocation bonus?** A relocation bonus is a one-time lump-sum payment of up to 25% of the annual rate of basic pay, paid to a current Federal employee who establishes a new residence as a result of accepting a position in a different commuting area, upon determination that, in the absence of such a bonus, difficulty would be encountered in filling the position. The relocation must be without a break in service and may be from another Federal activity to OSC or from one OSC position to another.

### 3. **Who is eligible for a relocation bonus?**

a. Relocation bonuses may be paid to employees who are relocated to positions which are:

- GS/GM,
- prevailing rate (wage grade),
- scientific and professional or senior-level (ST/SL),
- Senior Executive Service (SES), or
- law enforcement officers as defined in 5 CFR 550.103.

b. Before payment of a relocation bonus, the employee must sign a written agreement to serve a minimum of six months with the Department of Army at the new duty station. However, where appropriate, an offering official is encouraged to seek agreements requiring a period of service beyond six months especially in situations where higher level percentages are approved. In the case of a temporary change in duty station for less than six months, a service agreement may provide for a shorter minimum period of employment. Failure to complete the agreement will obligate the employee to a pro rata repayment of the bonus. A sample agreement is attached.

### 4. **How is a relocation bonus initiated?**

a. ***Documentation required.*** Relocation bonuses must be based on a written determination by the ***approving official*** that, in the absence of such a bonus, the organization would have difficulty filling the position. Such a determination must be made before the employee actually enters on duty in the position to which he/she was relocated. The written certification must describe the following factors, as applicable in the case at hand:

- the success of recent efforts to recruit candidates for similar positions, including indicators such as offer/acceptance rates, the proportion of positions filled, and the length of time required to fill similar positions;
- recent turnover in similar positions;
- labor-market factors that may affect the organization's ability to recruit candidates for similar positions now or in the future; and
- special qualifications needed for the position.

b. ***Approval process.***

- Most requests for relocation bonuses will be initiated by the immediate supervisor or the business center director. Review and approval of relocation bonuses will be completed by the installation commander, or activity director, (***approving official***) as appropriate, based on certification that funds are available and that, in the absence of such a bonus, difficulty would be encountered in filling the position; and by the Chief of the servicing Civilian Personnel Advisory Center (CPAC), based on regulatory compliance. In cases where the installation commander or activity director initiates the bonus process, the review and approval (***approving official***) will be completed by the OSC Chief of Staff. The OSC Chief of Staff will be the approving official for requests from HQ, OSC offices to include the DMA. The determination that a relocation bonus will be paid must be made before the employee actually enters on duty in the position to which he/she is to be relocated, and the employee must establish a residence in the new area before payment of the bonus.
- Relocation bonuses for OSCs Senior Executive Service members must be approved by the Department of the Army.

5. **Can a relocation bonus be paid to a group of employees?** Yes, with Department of Defense (DoD) approval. DoD may target groups of positions that have been difficult to fill in the past or that may be difficult to fill in the future. Normally, relocation bonuses are approved on a case-by-case basis. However, DoD may waive, for a specified period of time, the case-by-case approval requirement for any employee whose rating of record is at least Level 3 ("Fully Successful") when:

- the employee is a member of a specified group of employees subject to a mobility agreement, and they determine that relocation bonuses are necessary to ensure the ability to retain employees subject to such an agreement; or
- a major organizational unit is relocated to a different commuting area, and they determine that relocation bonuses are necessary for specified groups of employees to ensure the continued operation of the unit without undue disruption of an activity or function that is essential to our mission and/or without undue disruption of service to the public.

6. **Where can I get additional information?**

- You'll find The Office of Personnel Management's Frequently Asked Questions at their website at <http://www.opm.gov/oca/pay/HTML/Q&ARRR.htm>.

- You can also get additional information from your servicing Civilian Personnel Advisory Center.

**U.S. ARMY OPERATIONS SUPPORT COMMAND  
RELOCATION BONUS SERVICE AGREEMENT**

1. Legal Authority: 5 United States Code 5753; Title 5, Code of Federal Regulations, Section 575, Subpart B

2. Employee name and Social Security number:

Position title, series, and grade:

Location:

Salary:

Relocation bonus amount:

Percentage of basic pay (exclusive of locality pay) :

Length of agreement:

3. I understand and agree that:

a. I must establish a residence in the new commuting area before the relocation bonus can be paid.

b. As a condition of accepting the lump sum payment, I will remain employed with the Department of Army at the new duty station from the effective date I report for duty at the new duty station at least through the expiration date of this agreement, unless the agreement is terminated sooner as indicated below.

c. If I fail to complete the period of employment established under this agreement (except as provided in paragraph 3d below), I shall repay the relocation bonus on a pro rata basis. The amount to be repaid shall be determined by providing credit for each full month of employment completed under the agreement.

d. I will not be obligated to repay the relocation bonus if it is determined in writing that it is necessary to relocate me to a position in a different commuting area, or if I am involuntarily separated. An involuntary separation is a separation initiated against my will and without my consent for reasons other than cause on charges of misconduct or delinquency. It includes a separation resulting from my inability to do the work following genuine efforts to do so. It does not include a separation under adverse action or equivalent procedures for reasons that involve culpable wrongdoing on my part. If I am separated because I decline to accept reassignment outside my commuting area, the separation is involuntary if my position description or other written agreement does not provide for such reassignment. However, a separation is not involuntary if, after such a written mobility agreement is added, I accept one reassignment outside my commuting area, but subsequently decline another such reassignment.

e. This agreement does not in any way commit the government to continue my employment.

Applicant's signature and date: \_\_\_\_\_

Approving official signature and date:

\_\_\_\_\_  
Installation Commander/Activity Director

\_\_\_\_\_  
Chief, Civilian Personnel Advisory Center

# **RETENTION ALLOWANCES**

## 1. **References:**

- a. 5 USC 5754;
- b. 5 CFR 575 Subpart C;
- c. DoD 1400.25-M, Subchapter 575.

2. **What is a retention allowance?** A retention allowance is an additional payment of up to 25% of basic pay, paid to a current employee in order to retain his/her services. The allowance may be paid if (a) the unusually high or unique qualifications of the employee or a special need of the agency for the employee's services make it essential to retain the employee, and (b) it is determined that the employee would be likely to leave the Federal service in the absence of such an allowance. The retention allowance is a continuing allowance, which is paid in the same manner and at the same time as basic pay (as opposed to a one-time lump-sum bonus), and is paid as long as the conditions warranting the allowance continue to exist. It is improper to use a retention allowance merely to enhance an employee's basic pay.

## 2. **Who is eligible for a retention allowance?**

- a. Retention allowances may be paid to employees who are placed in a positions which are:
  - GS/GM,
  - prevailing rate (wage grade),
  - scientific and professional or senior-level (ST/SL),
  - Senior Executive Service (SES), or
  - law enforcement officers as defined in 5 CFR 550.103.
- b. Employees who have not completed a period of employment established under a service agreement required for payment of a recruitment or relocation bonus are not eligible for a retention allowance. However, after retention allowance payments have commenced, a relocation bonus may be paid without affecting the payment of the retention allowance.
- c. An employee who has accepted Voluntary Separation Incentive Pay (VSIP) may not be considered for, or continue to receive, a retention allowance.
- d. A retention allowance may not be authorized for an employee if it would cause the aggregate compensation actually received by the employee in the calendar year to exceed the rate payable for level I of the Executive Schedule at the end of the calendar year.

### 3. How is a retention allowance initiated?

a. **Documentation required.** The requesting management official must certify in writing that the unusually high or unique qualifications of the employee or a special need for the employee's services make it essential to retain the employee and that, absent a retention allowance, the employee would be likely to leave Federal employment. The documentation must include a written description of the extent to which the employee's departure would affect the organization's ability to carry out an activity or perform a mission-essential function. The written certification must describe the following factors, as applicable in the case at hand:

- the success of recent efforts to recruit candidates and retain employees with qualifications similar to those possessed by the employee for positions similar to the position held by the employee; and
- availability in the labor market of candidates for employment who, with minimal training or disruption of services to the public, could perform the full range of duties and responsibilities assigned to the position held by the employee.

#### b. **Approval process.**

- Most requests for retention allowances will be initiated by the immediate supervisor or the business center director. The required review and approval of retention allowances will be completed by the installation commander, or activity director, (**approving official**) as appropriate, based on certification that funds are available and required documentation that the potential candidate is well qualified for a hard-to-fill position that is critical to the requesting organization's mission; and by the Chief of the servicing Civilian Personnel Advisory Center (CPAC), based on regulatory compliance. In cases where the installation commander or activity director initiates the bonus process, the review and approval (**approving official**) will be completed by the OSC Chief of Staff. The OSC Chief of Staff will be the approving official for requests from HQ, OSC offices to include the DMA. The determination that a retention allowance will be paid cannot be made prior to the individual's employment.
- Relocation bonuses for OSCs Senior Executive Service members must be approved by the Department of the Army.

### 4. Can a retention allowance be granted to a group of employees?

a. Groups of employees (excluding ST/SL and SES employees) may be paid up to 10% of basic pay with DoD approval or up to 25% of basic pay with Office of Personnel Management (OPM) approval, under certain limited conditions. The targeted group should be narrowly defined and may include the following: occupational series, grade level, distinctive job duties, unique qualifications, assignment to a special project, minimum agency service requirement, organizational or team designation, geographic location, and performance level.

b. The requesting management official must certify in writing that the category of employees has unusually high or unique qualifications, or the agency has a special need for the employees' services that makes it essential to retain the employees, and that it is reasonable to presume that there is a high risk that a significant number of employees in the group are likely to leave Federal service in the absence of

the allowance. The determination that there is a high risk that a significant number of employees are likely to leave may be based on evidence of extreme labor market conditions, high demand in the private sector for the knowledge and skills possessed by the employees, significant disparities between Federal and private sector salaries, or other similar conditions.

c. Requests requiring OPM approval must also include (1) a description of the group and number of employees to be covered by the proposed allowance; (2) the proposed percentage retention allowance and a justification for that percentage; (3) the expected duration of the allowance; and (4) any other information pertinent to the case.

d. Requests for authorization of group retention allowances must be coordinated with all other DoD components with similar employees in the commuting area.

5. **When is a retention allowance reduced or terminated?**

a. The retention allowance may be paid as long as the conditions warranting the allowance continue to exist. An annual review and recertification of its necessity must be made to continue payment of the allowance. In addition, the appropriateness of a retention allowance will be reviewed whenever the conditions that originally prompted the payment have significantly changed, including significant increases in basic pay.

b. The allowance must be reduced or terminated if necessary to ensure that the employee's estimated aggregate compensation does not exceed the rate payable for level I of the Executive Schedule at the end of the calendar year.

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

d. Payment of a retention allowance must be terminated when an employee accepts VSIP.

6. **Is a service agreement required for payment of a retention allowance?** A service agreement is not required, because the retention allowance can be terminated at any time under the conditions described above. However, the sample agreement attached should be used to document the associate's understanding of the conditions of payment of the allowance.

7. **Where can I get additional information?**

- You'll find The Office of Personnel Management's Frequently Asked Questions at their website at <http://www.opm.gov/oca/pay/HTML/Q&ARRR.htm>.
- You can also get additional information from your servicing Civilian Personnel Advisory Center.

**U.S. ARMY OPERATIONS SUPPORT COMMAND  
RETENTION ALLOWANCE SERVICE AGREEMENT**

1. Legal Authority: 5 United States Code 5754; Title 5, Code of Federal Regulations, Section 575, Subpart C

2. Employee name and Social Security number:

Position title, series, and grade:

Location:

Salary:

Percentage of basic pay (exclusive of locality pay) :

3. I understand and agree that:

a. Payment of the retention allowance will be paid in the same manner and at the same time as basic pay, although it is not considered a part of basic pay. Payment of a retention allowance may not be made to the extent that such an allowance, when added to my estimated aggregate compensation, would cause the aggregate compensation actually received during the calendar year to exceed the rate payable for level I of the Executive Schedule at the end of the calendar year.

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

c. The amount of the retention allowance may be reduced or terminated when it is determined that (1) a lesser amount, or no allowance at all, would be sufficient to retain my services (or a group or category of employees); (2) labor market conditions have changed and recruitment of employees with needed qualifications would be possible; (3) the need for my services (or a group or category of employees) has lessened; (4) budgetary considerations preclude payment; or (5) when it is necessary to ensure that my estimated aggregate compensation does not exceed the rate of level I of the Executive Schedule at the end of the calendar year. The retention allowance will be terminated at the time I accept Voluntary Separation Incentive Pay (VSIP).

d. This agreement does not in any way commit the government to continue my employment.

Applicant's signature and date: \_\_\_\_\_

Approving official signature and date:

\_\_\_\_\_  
Installation Commander/Activity Director

\_\_\_\_\_  
Chief, Civilian Personnel Advisory Center