



National Capital Region  
Medical Directorate  
**IMPLEMENTATION GUIDANCE**



OCT 01 2018

PERS

SUBJECT: Incentives to Attract and Retain Civilian Employees

References: See Enclosure 1

1. PURPOSE. This National Capital Region Medical Directorate (NCR MD) Implementation Guidance provides policy and guidance for procedures regarding the use of recruitment, retention, and relocation incentives, Superior Qualification Appointments (SQAs), enhanced leave accrual, and student loan repayment that may be used to attract and retain top-quality civilian employees.
2. APPLICABILITY. This Implementation Guidance applies to civilian employees assigned to or seeking employment at the Military Treatment Facilities (MTFs) and Clinics to include the Joint Pathology Center. Hereafter, these facilities are collectively referred to as Medical Treatment Facilities and Centers.
3. POLICY. It is NCR MD policy to:
  - a. Attract and retain qualified and eligible civilian employees by utilizing incentives such as recruitment, retention, and relocation, Superior Qualification Appointments (SQAs), student loan repayment, and additional leave accrual credit. The MTFs and Centers may pay an incentive to a current employee who holds:
    - (1) A General Schedule (GS) position.
    - (2) A Senior-level, scientific or professional position paid.
    - (3) A Senior Executive Service (SES) position.
    - (4) A position as a law enforcement officer.
    - (5) Any other position in a category for which payment of incentives has been approved by the Office of Personnel Management (OPM) at the request of the head of an executive activity.
  - b. Maximize recruitment of highly qualified civilian applicants by offering incentive pay rates and monetary incentives that are comparable or as close as possible to pay rates and incentives in the private sector.

c. Review all individual and group incentives annually to determine if the payment is still warranted and justified under current conditions or to discontinue incentives that are no longer warranted.

4. DEFINITIONS. See Glossary

5. RESPONSIBILITIES. See Enclosure 2

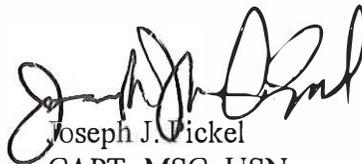
6. PROCEDURES. See Enclosure 3

7. RELEASABILITY. **Cleared for public release.** This Implementation Guidance is approved for public release and is available on the internet from the NCR MD Website at [www.capmed.mil](http://www.capmed.mil).

8. EFFECTIVE DATE. This Implementation Guidance:

a. Is effective upon signature.

b. Will expire effective 10 years from the publication date if it has not been reissued or cancelled before this date.



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By direction of the Director

Enclosures

1. References
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Glossary

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ENCLOSURE 1

REFERENCES

- (a) Defense Health Agency (DHA) Administrative Instruction (AI) 84, "Incentives to Attract and Retain Civilian Employees," dated March 8, 2017
- (b) Department of Defense (DoD) Financial Management Regulation 7000.14-R, Volume 8, "Civilian Pay Policy," dated November 2015

ENCLOSURE 2

RESPONSIBILITIES

1. NCR MD DIRECTOR. The NCR MD Director will ensure appropriate and effective use of authorities to support mission requirements and to conform to merit system principles.
  
2. NCR MD DESIGNATED APPROVING OFFICIAL. The NCR MD Designated Approving Official will:
  - a. Serve as the Approving Official for incentives for an employee or use the appropriate channels of approval for a retention incentive for a group or category of employees.
  
  - b. Ensure incentives are utilized properly and in accordance with (IAW) this guidance.
  
  - c. Difficult to fill: Determine when a position or group of positions is likely to be difficult to fill in the absence of an incentive.
  
  - d. Unusually high or unique qualification or special needs for services: Determine when the unusually high or unique qualifications of an employee, group, category of employees or special needs of the Directorate for services provided by the employee(s):
    - (1) Make it essential to retain the employee, group, or category of employees; and
  
    - (2) When there is a risk that the employee or a significant number of employees in the group would be likely to leave the Federal Service in the absence of a retention incentive.
  
  - e. Establish the incentive offer's criteria to comply with OPM regulations and to ensure consistent treatment of employees in similar situations.
  
  - f. Serve as the Approving Official for any requested waiver of recovery of an employee's debt if an employee does not fulfill the terms of a Service Agreement.
  
  - g. Keep a record of each determination to pay an incentive and make such records available for review upon request.
  
  - h. Each fiscal year, no later than 31 Oct, compile, maintain a record of, and report:
    - (1) The number of recruitment or relocation incentives offered and the number accepted.
  
    - (2) The percentage of salary offered and accepted in each individual case; and
  
    - (3) A summary statement assessing the effect of the incentive authority on the ability to fill key position with qualified candidates in a timely manner.

3. NCR MD PERSONNEL DIVISION. The NCR MD Personnel Branch will:

- a. Oversee and monitor the NCR MD Incentives Program to ensure consistency and conformity to governing rules and regulations.
- b. Coordinate with the Civilian Human Resources Center (CHRC) and Directorate level equivalents on issue relating to the Incentive Programs.
- c. Oversee the development and deliverance of an annual report on the use of all incentives and conduct an overall analysis in the effectiveness of incentives in attracting quality candidates and reducing turnover in “difficult-to-fill” positions.
- d. Make the final decision on incentive or allowance request, identified by CHRC or Human Resources (HR) Liaison/Administrator with potential problems or not meeting criteria, or termination of service agreements.
- e. Review for concurrence or non-concurrence for retention incentives that exceed 25% for an individual employee or that exceed 10% for category or group employees.
- f. Distribute annual review of the recruitment, retention, and relocation incentives, enhanced leave, and SQA located in Appendix 6.

4. REQUESTING OFFICIAL. The Requesting Official will:

- a. Provide required documentation when proposing the use of a recruitment, retention, or relocation incentive and credit for newly appointed prior non-Federal and Uniformed Service selectees for determining Annual Leave Accrual Rate, SQAs or student loan repayment.
- b. Ensure that the employee receiving a relocation or recruitment incentive signs a Service Agreement and that the signed Service Agreement is forwarded to the appropriate Human Resources Department. In addition, ensure that the basis for any incentive is documented, maintained, and available for review and submission upon request.
- c. Review retention incentives at least every 12 months and make a written determination of whether the incentive is still warranted and that the conditions giving rise to the original determination(s) still exist or whether the incentives should be recomputed.
- d. Submit the Incentive Request form (<http://www.capmed.mil/CapMedServices/CapmedIssuance/SitePages/Forms.aspx>) to modify, extend or terminate a retention incentive prior to the review expiration date. Forms will be signed by the Selecting Official, submitted through NCR MD HQ, JPC or MTF, as appropriate, second level approver (optional) and final level approver (i.e., Director).

5. CIVILIAN HUMAN RESOURCES CENTER (CHRC). The CHRC will:

a. Advise Requesting Officials on the use of incentives designed to recruit and retain candidates for employment, provide information necessary for the establishment of an incentive, and determine the eligibility of candidates to receive an incentive.

b. Advise Requesting Officials of an incentive request where the position or individual does not meet established criteria. If the CHRC and/or HR Liaison/Administrator review identifies potential problems with the incentive or allowance request, these concerns will be annotated and forwarded to the NCR MD Personnel Branch for a final decision.

c. Review and ensure for compliance and applicability of relevant service and for the determination of SQAs and Enhanced Leave Accrual credit.

d. Work with Requesting officials to facilitate timely decision-making and processing of incentive requests.

e. Provide recommendations to Approving Official for disapproval or modification of an incentive request where there is information available that the approval of the request would not be consistent with program requirements.

f. Forward final approval document and service agreements to employee's electronic Official Personnel Folder (eOPF).

g. Follow all established procedures for submission of approved service agreements.

h. Follow established procedures to begin the debt collection process for an employee who separates from the organization without completing the requirements of any Service Agreement or incentive.

6. HUMAN RESOURCES LIAISONS (HRLs). The HRLs will:

a. Submit reports, as required, to a higher-level leadership on the use of incentives authorized in this Implementation Guidance.

b. Maintain file copies of all individual Service Agreements and incentives including all documentation and records.

7. COMPTROLLER. The Comptroller will:

a. Ensure that funding is available for the payment of incentives deemed necessary to attract and retain a high-quality workforce.

b. Certify the availability of funds for payments of specific incentives.

c. Proceed with debt collection process for employees who do not complete their period of service under the terms of the applicable Service Agreement.

ENCLOSURE 3

PROCEDURES

1. ELIGIBILITY. The NCR MD may pay an incentive if the employee meets the criteria for each type of incentive.

a. Recruitment. The NCR MD may pay a recruitment incentive if:

(1) The employee is newly appointed to a position that is likely difficult to fill, was difficult to fill in the past or may be difficult to fill in the future; or

(2) An appointment of a former employee of the Federal Government following a break in Federal Government service of at least 90 days. An authorized management official may approve recruitment incentives up to 25 percent of a newly appointed employee's annual rate of basic pay at the beginning of the service period provided the employee signs a written agreement to complete a required service period with the DoD Component. The service period may not be less than 6 months and may not exceed 4 years. An authorized management official may:

(a) Target groups of similar positions identified as difficult to fill.

(b) Establish criteria in advance for offering recruitment incentives to all newly appointed employees in the targeted group.

(c) Authorize an official who is not lower than the candidate's supervisor to offer a recruitment incentive, at his or her sole and exclusive discretion (in any amount within a pre-established range) to a candidate.

(3) Each decision to authorize a recruitment incentive for a group of similar positions must be reviewed at least annually to determine whether the positions will likely remain difficult to fill.

(4) Before paying a recruitment incentive, the employee must sign a written service agreement to complete a specified period of employment with the agency.

(a) The agreement must specify the total amount of the incentive, the method of paying the incentive, and the timing and amounts of each incentive payment.

(b) The service agreement **must** include conditions under which the authorizing official must terminate the service agreement, (i.e., if an employee is demoted, or separated for cause, receives a rating of record of less than "Fully Successful" or equivalent, or otherwise fails to fulfill the terms of the service agreement; the conditions under which the employee must repay a recruitment incentive for the uncompleted service.

(c) The service agreement must include conditions where an authorized official may unilaterally terminate a recruitment incentive based solely on the management needs of the agency. For example, an agency may terminate a service agreement when the employee's position is affected by reduction in force, when there are insufficient funds to continue the planned incentive payments, or when the agency assigns the employee to a different position (if the position is not within the terms of the service agreement). If the service agreement is terminated under the conditions specified above, the employee is entitled to retain all recruitment incentive attributable to completed service and retain any portion he or she received that is attributable to uncompleted service.

b. Retention. A Retention incentive may not be used to attempt to delay retirement nor prevent the employee's transfer to another Federal Activity. NCR MD may pay a retention incentive if:

(1) The employee is a current employee assigned when management determines that the unusually high or unique qualifications of the employee or a special need of the agency for the employee's services makes it essential to retain the employee and that the employee would be likely to leave in the absence of an incentive;

(2) The unusually high or unique qualifications of an employee, group or category of employees or a special need of the MTFs and Centers makes it essential to retain the employee or group/category of employees;

(3) There is a high risk that the employee or a significant number of employees in a group/category would likely leave the Federal Service in the absence of a retention incentive;

(4) The employee's rating of record is at least "fully successful" or equivalent; and

(5) For a group or category of employees, the Requesting Official must narrowly define a targeted category of employees using factors related to the conditions of the category. Factors that may be appropriate include the following: occupational series, grade level, distinctive job duties, unique competencies required for the position, assignment to a special project, minimum activity service requirements, organization or team designation, geographic location, and required rating of record.

c. Relocation. If the employee is receiving a previously authorized retention incentive with or without a Service Agreement, the service period under the relocation incentive Service Agreement and the service period required by the retention incentive must be fulfilled concurrently. NCR MD may pay a relocation incentive if:

(1) An employee of the Federal Government immediately before the relocation accepts a position that is difficult to fill;

(2) The employee relocates to a different geographic area (permanent or temporarily) to accept a position that is determined as being difficult to fill;

(a) 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.

(b) 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, an authorized activity official may waive the 50-mile requirement and pay the employee a relocation incentive.

(c) In all cases, the employee must establish a residence in the new geographic area before the activity may pay a relocation incentive to the employee.

(3) The employee is an employee of the Federal Government immediately before the relocation; and

(4) The employee's rating of record for the position held immediately before the move is at least "fully successful" or equivalent. Before paying a relocation incentive, the employee must sign a written service agreement to complete a specified period of employment with the agency, of which includes the commencement and termination dates of the required service period.

(a) The agreement must specify the total amount of the incentive, the method of paying the incentive, and the timing and amounts of each incentive payment.

(b) The service agreement **must** include conditions under which the authorizing official must terminate the service agreement (i.e. if an employee is demoted, or separated for cause, receives a performance rating on record as less than "Fully Successful" or equivalent, or otherwise fails to fulfill the terms of the service agreement). The conditions must include a clause that specifies that the employee will repay the agreed upon recruitment incentive for the remaining term of service that is incomplete.

(c) The service agreement must include conditions where an authorized official may unilaterally terminate a recruitment incentive based solely on the management needs of the agency. For example, an agency may terminate a service agreement when the employee's position is affected by reduction in force, when there are insufficient funds to continue the planned incentive payments, or when the agency assigns the employee to a different position (if the position is not within the terms of the service agreement.) If the service agreement is terminated under the conditions specified above, the employee is entitled to retain all recruitment incentive attributable to completed service and retain any portion he or she received that is attributable to uncompleted service.

d. Superior Qualification Appointments (SQA). NCR MD may offer SQAs and special needs pay-setting authority to set the rate of basic pay for newly-appointed employee to any General Schedule position, including permanent and temporary positions in the competitive or excepted service at any grade level if:

(1) The candidate is newly appointed to the Federal Service or the candidate is reappointed to Federal service after a 90-day break in service; and

(2) The candidate has superior qualifications:

(a) The candidate's skills, competencies, experience, education, and/or accomplishments must be relevant to the requirements of the positions to be filled; and

(b) The candidate's qualities must be significantly higher than what is minimally required for the position and/or be of a more specialized quality compared to other candidates.

(3) The candidate fills a special need of the directorate based on the type level or quality of skills and competencies or other qualities and experiences possessed by the candidate that are relevant to the requirements of the position and are essential to accomplishing an important NCR MD mission, goal or program activity. Pay rate determination may consider one or more of the following factors, as applicable in the case at hand, to determine the step at which to set an employee's payable rate of basic pay using the superior qualifications and special needs pay-setting authority:

(a) The level, type or quality of the candidate's skills or competencies;

(b) The candidate's existing salary, recent salary history, or salary documented in a competing job offer (taking into account the location where the salary was or would be earned and comparing the salary to payable rates of basic pay in the same location);

(c) Significant disparities between Federal and non-Federal salaries for the skills and competencies required in the position to be filled;

(d) Existing labor market conditions and employment trends, including the availability and quality of candidates for the same positions;

(e) The success of recent efforts to recruit candidates for the same positions;

(f) Recent turnover in the same positions

(g) The importance/criticality of the position to be filled and the effect on the activity if it is not filled or if there is a delay in filling it;

(h) The desirability of the geographic location, duties, and/or work environment associated with the position;

(i) Activity workforce needs, as documented in the activity's strategic human capital plan; or

(j) Other relevant factors.

e. Consideration of Recruitment Incentive. In determining whether to use the superior qualifications and special needs pay-setting authority and the level at which the employee's payable rate of basic pay should be set, an activity must consider the possibility of authorizing a recruitment incentive.

f. Approval and Documentation Requirements. In addition to documenting in writing the reasons (justification) for authorizing a higher than minimum rate or in addition to a recruitment incentive, the following is required:

(1) An activity must approve each determination to use the superior qualifications and special needs pay-setting authority prior to the candidate entering on duty. Each determination must be made in writing, reviewed and approved by an official of the activity who is at least one level higher than the employee's supervisor, unless there is no official at a higher level in the activity.

(2) An activity must document all of the following for each determination to use the superior qualifications and special needs pay-setting authority sufficient to allow reconstruction of the action taken in each case:

(a) The superior qualifications of the candidate or the special activity need for the candidate's services, which justifies a higher than minimum rate;

(b) An explanation of the factor(s) and supporting documentation, which were used to justify the rate at which the employee's pay is set. The written documentation must explain how the factors directly relate to the rate approved.

g. The Federal student loan repayment program permits agencies to repay Federally insured student loans as a recruitment or retention incentive for candidates or current employees of the agency.

(1) Any employee who is highly qualified is eligible to receive a student loan repayment, except those occupying a position excepted from the competitive civil service because of their confidential, policy-determining, policy-making, or policy-advocating nature (e.g., Schedule C appointees).

(2) Loans eligible for payment are those made, insured, or guaranteed under parts B, D or E of title IV of the Higher Education Act of 1965 or a health education assistance loan made or insured

under part A of title VII or part E of title VIII of the Public Health Service Act. The employing agency makes student loan payments directly to the loan holder. Student loan payments are not paid to employees.

(3) Although the student loan is not forgiven, agencies may make payments to the loan holder of up to a maximum of \$10,000 for an employee in a calendar year and a total of not more than \$60,000 for any one employee.

(4) The employing agency makes student loan payments directly to the loan holder. Student loan payments are not paid to employees.

(5) An employee receiving this benefit must sign a service agreement to remain in the service of the paying agency for a period of at least 3 years. An employee must reimburse the paying agency for all benefits received if he or she is separated voluntarily or separated involuntarily for misconduct, unacceptable performance, or a negative suitability determination under 5 CFR part 731. In addition, an employee must maintain an acceptable level of performance in order to continue to receive repayment benefits.

h. Service Credit for Enhanced Leave Accrual. NCR MD may offer service credit for enhanced leave accrual skills and experience gained by the employee through the performance in non-Federal Military Service or volunteer position that were directly related and relevant to the duties of the position to which the employee is being appointed. Service credit cannot be used for retirement or Reduction in Force purposes.

i. Student Loan Repayment. The Federal student loan repayment program permits NCR MD to repay Federally-insured student loans as a recruitment incentive for candidates or as a retention incentive for current employees. In order to qualify,

(1) The loan must be insured or guaranteed under the Higher Education Act of 1965 of the Public Health Service Act, and

(2) The candidate must provide a letter from the loan holder verifying the existence of a Federally-insured loan and showing the remaining balance of the loan. Effective dates for student loan repayments may not be retroactive.

2. FACTORS CONSIDERED. A Requesting Official must first consider the factors below, as applicable to the case at hand, in determining whether a position or group/category of positions is likely to be difficult to fill in the absence of an incentive. The Requesting Official may contact the CHRC for information on salaries and turnover experienced in recruiting or retaining specific types of positions and/or skills in the region. If OPM has approved the use of direct-hire authority for the position (or group/category), the position is considered "difficult to fill."

a. The availability and quality of candidates possessing the competencies required for the position;

- b. The salaries typically paid outside the Federal Government for similar positions;
- c. Recent turnover in similar positions;
- d. Employment trends and labor-market factors that may affect the activity's ability to recruit/retain candidates for similar positions;
- e. Special or unique competencies required for the position;
- f. NCR MD efforts to use non-pay authorities, such as special training and work scheduling flexibilities to resolve difficulties alone or in combination with a recruitment/retention incentive;
- g. The desirability of the duties, work or organizational environment, or geographic location of the position; or
- h. Other supporting factors or factors specific to the type of incentive:

(1) Recruitment. The success of recent efforts to recruit candidates for the position or similar positions using indicators such as offer acceptance rates, proportions of positions filled, and the length of time required to fill similar positions.

(2) Retention. The potential sources of employees who are identified in the directorate's succession plans who possess the competencies required for the position and, who, with minimum training, cost, or disruption of service to the public, could perform the full range of duties and responsibilities of the position at the level currently performed by the employee; or the extent to which the employee's departure would affect the activity's ability to carry out an activity, perform a function, or complete a project that the activity deems essential to the mission.

3. INCENTIVE AMOUNT DETERMINATION. Each incentive request must be accompanied by a breakdown of the items that were included in the determination of the incentive amount. The determination will include, but is not limited to, education, years of experience, training programs, certifications, and specific project knowledge or experience. All items used for determination must be pertinent to the current position in addition to the minimum requirements. See Enclosure 4 for examples of calculating the maximum incentive amount.

a. Recruitment, Retention or Relocation Incentive.

(1) A recruitment, retention, or relocation incentive of up to 25 percent of basic pay may be offered to an individual to recruit or retain their services.

(2) A retention incentive rate may not exceed 10 percent of an employee's rate of basic pay, if the incentive is authorized for a group or category of employees.

(3) OPM may waive the limitations on retention incentives and set the limitation at up to 50 percent of an employee’s rate of basic pay, or for a group or category of employees, approve a retention incentive of up to 50 percent of basic pay for a group of employees based on a critical agency need.

(a) Waiver templates may be found at <https://www.opm.gov/policy-data-oversight/pay-leave/recruitment-relocation-retention-incentives/#url=Fact-Sheets>

(b) Authorized management officials will submit requests for waiver to Director, National Capital Region Medical Directorate, who will forward the request through the Defense Health Agency, to Director, Defense Civilian Personnel Advisory Services (DCPAS).

(4) The authorized management official must determine the percentage of the individual, group or category retention incentive. Each determination must be documented in writing the basis for establishing the amount and the timing of the approved retention incentive payment.

b. SQA. An SQA may not exceed the step 10 of the grade offered.

c. Service Credit for Enhanced Leave Accrual. The service credit for an enhanced leave accrual incentive allows for accrual of annual leave above the minimum rate normally set for new Federal employees. The higher leave accrual rate means that an employee earns more time off each pay period compared with the standard rate of accrual. Requesting Officials will recommend the amount of service credit to be granted based on years of the prior non-Federal or uniformed service(s) that are relevant to the position.

Table 1. Service Credit

Creditable Federal Service	< 3 years	>3 but < 15 years	15 years and up
Annual Leave Hours per Pay Period	4	6	8
Sick Leave Hours per Pay Period	4	4	4

The minimum amount of service credit that may be credited is 1 year. The Amount of service credit may not exceed the actual amount of service during which the current expertise was attained and the directly-related duties were performed.

d. Student Loan Repayment. NCR MD may make payments of up to \$10,000 per year directly to the loan holder of a qualifying outstanding student loan. The lifetime maximum repayment per employee is \$60,000. The loan repayment amount is considered a taxable wage and is subject to tax withholding. Student loan repayments must be for the identified employee’s education and are not transferrable to a family member.

4. JUSTIFICATION FOR INCENTIVES. The Requesting Official must prepare a justification for incentives, including the conditions and criteria for each type of individual incentive. In addition to conditions and criteria, the following factors must be included:

a. Supporting documents must accompany the justification and may include:

(1) Market Analysis for the occupation/position;

(2) Bureau of Labor statistics data;

(3) Stated recruiting difficulties such as occupational series on direct hiring authority or expedited hiring authority;

(4) Extent of individual's past training and experience that serves to qualify him or her for the position and/or training time/cost estimates;

(5) Documentation of unique knowledge of mission and/or documentation of unique competencies that will benefit the organization in addition to basic position requirements (documentation of knowledge or competencies could include resumes, transcripts or additional memoranda); or

(6) The length of the Service Agreement proposed, for example, a higher incentive amount will be appropriate in cases where Service Agreements beyond the minimum period are being considered (See Enclosure 4 for incentive calculation recommendation).

b. For SQAs only, Requesting Officials must consider a recruitment incentive before providing advance rates. Documentation of an SQA must include reasons for authorizing an advance rate instead of, or in addition to, a recruitment incentive. When using a recruitment incentive in conjunction with an SQA, the proposed incentive must address total compensation. Requesting Officials must be cognizant that an SQA do not only increases base salary, but also affects retirement, life insurance, and other based-pay entitlements. Recruitment, relocation, and retention incentives, enhanced leave credit, and student loan repayment have no effect on these payments.

#### 5. INTERNAL COORDINATION

a. The Requesting Official will complete the appropriate Incentive Request Form justification and compile relevant attachments required for:

(1) Internal coordination;

(2) Director's endorsement; and

(3) Confirmation that funding for the requested incentive is available. These steps must be completed prior to coordinating with the CHRC. An incentive request cannot be approved by NCR MD Approving Official without the appropriate Directorate Director's endorsement.

b. The Requesting Official will work with the CHRC to confirm applicant eligibility and that the requested incentive meets the intent of the regulations (i.e., to properly support the recruitment, retention or relocation of an employee with unique qualifications or in a "difficult-to-fill" position).

d. If the CHRC or NCR MD Approving Official identify potential problems with the incentive request, these concerns will be annotated and forwarded to the Requesting Official for further review.

6. APPROVAL OF INCENTIVES AND WRITTEN DETERMINATION. Incentives including the amount of such incentives shall be reviewed and approved by the Approving Official. The requesting Directorate Director must endorse a written determination that without the absence of such an incentive, difficulty would be encountered in filling the position, or the individual would likely leave the Federal Service. Incentive amount determination must be approved before the effective date of the initial appointment or reappointment of a position.

a. Recruitment. To make a timely offer of employment, Approving Official may establish criteria for offering a recruitment incentive in advance and authorize the Requesting Official to offer a recruitment incentive (in any amount within a pre-established range) to any candidate without further review or approval. Designations to make such offers must be in writing and be included in local operating guidance.

b. Retention. For determination to pay a retention incentive, the Requesting Official must document in writing:

(1) The basis for determining the unusually high or unique qualifications of the employee (or group of employees) or a special need of the agency for the employee's (or group of employees) services makes it essential to retain the employee(s);

(2) The basis for determining that the employee (or a significant number of employees in a group) would be likely to leave the Federal service in the absence of a retention incentive; and

(3) The basis for establishing the amount and timing of the approved retention incentive payment and the length of the required service period.

c. Relocation. NCR MD Directors must make each determination to pay relocation incentive on a case-by-case basis for each employee unless:

(1) The employee is a member of a group of employees subject to a mobility agreement and the organization determines that relocation incentives are necessary to retain employees subject to such agreement in order to ensure continuation of operations; or

(2) A major organizational unit of the Directorate is relocated to a new duty station and it is determined that relocation incentives are necessary for a group of employees to ensure the continued operation of the organization without undue disruption of an activity or function that is deemed essential to the Directorate's mission or without undue disruption of service to the public.

d. SQA. The CHRC must validate the experience and/or education used to support the request for the SQA. If not validated, the SQA request cannot be approved.

## 7. INCENTIVE PAYMENTS.

a. Service Agreements. Before a relocation or retention incentive may be paid, the employee who was offered an incentive must sign a written Service Agreement to complete a specified period of employment with NCR MD. Service Agreement templates are available at:  
<http://www.capmed.mil/CapMedServices/CaptmedIssuance/SitePagesForms.aspx>.

(1) The minimum period of the Service Agreement is 6 months and the maximum is 4 years.

(a) Recruitment and Relocation Incentives. The minimum Service Agreement is calculated based on incentive amount as described in the Enclosure 4.

(b) Student Loan Repayments. The minimum Service Agreement is 3 years of continuous employment regardless of the term of payments or total amount repaid. The service period begins on the date specified in the Service Agreement. The beginning date cannot be earlier than the date the Service Agreement is signed or earlier than the date the individual begins serving in the position for which he or she was recruited (when student loan repayment benefits are approved to recruit a job candidate to fill a vacancy).

(2) Where appropriate, using criteria established by the Approving Official, the Requesting Official is encouraged to seek agreements requiring a period of service beyond 6 months.

(3) Failure by the individual to complete the Service Agreement will obligate the employee to a pro-rate repayment of the incentive.

(4) Payments made for periods of time that are not completed IAW individual Service Agreements are overpayments and are subject to the debt collection process IAW DoD Financial Management Regulation 7000.14-R, Volume 8, "Civilian Pay Policy," November 2015. Recovery of an employee's debt may be waived in whole or in part by the Approving Official if he or she determines that recovery would be against equity and good conscience or against the public interest.

(5) Service Agreements may be terminated IAW applicable policies at any time. Notification of termination of the agreement will be sent in writing to the individual.

b. Payment Methods. Incentive payments are made to employees based on the type of incentive provided by the activity.

(1) Recruitment Incentive. Determination and approval to pay a recruitment incentive must be made before the prospective employee enters duty in the position for which recruited. Payment for a recruitment incentive may be paid as an initial lump-sum payment at the commencement of the service period required by the Service Agreement or before the start of the service period. The incentives may be paid:

(a) In a one-time payment at the beginning of the service period stated in the agreement;

(b) In equal or variable installment payments throughout the service period required by the service agreement, or

(c) As a final lump-sum payment at the end of the full service period required by the service agreement.

(2) Retention Incentive. The employee must sign a service agreement before receiving any retention incentive payments. However, a written service agreement is not required if the agency:

(a) Pays the retention incentive in bi-weekly installments.

(c) Sets each bi-weekly installment payment at the full retention incentive percentage rate established for the employee. Payment for a retention incentive will be at the end of each pay period. Retention incentives may be paid in a single lump-sum payment after the completion of the full-service

(d) period or in installments after the completion of specified periods of service; and IAW additional conditions or stipulations specified in the DoDI Section 6.2.b.(1) through (5). Management may begin payments of relocation incentives without affecting the payment of an existing retention incentive.

(3) Relocation Incentive. The employee must sign a service agreement before receiving any relation incentive payments. The DoD will pay relocation incentives, as specified in the employee's service agreement. The incentives may be paid:

(a) In a one-time payment at the beginning of the service period stated in the agreement;

(b) In equal or variable installment payments throughout the service period required by the service agreement, or

(c) As a final lump-sum payment at the end of the full service period required by the service agreement. The relocation incentive service agreement may commence during a period of employment established under a service agreement for a previously authorized retention incentive or for which an employee is receiving previously authorized retention incentive payments without a service agreement.

c. Documentation and Record Keeping. The Requesting Official is responsible for ensuring that the basis for any incentive is documented.

(1) Documentation shall be available for review and submission upon request. In addition, on a fiscal year basis, the Approving Official will compile a record (Annual 3Rs, Enhanced Leave, SQA Report Form) of the following to be forwarded to NCR MD HQ no later than 30 September.

(a) The number of incentives offered; the number and dollar amount of incentives paid during the previous calendar year by occupational series and grade, step, current total salary, total salary with incentives, and

(b) Basis for awarding incentive, enhanced leave accrual, or special qualifications appointment (step in grade); and a summary statement assessing the effect of the incentive's authority on the ability to fill key positions with qualified candidates in a timely manner.

(2) All documents included with a request for an incentive and the incentive amount determination will be kept on file for 2 years by the HRD.

(3) For an SQA, the written approval of the advanced in-hire rate is filed permanently in the employee's official personnel folder. All supporting documentation, including the verification of existing pay, competing job offers, or salary history, and reasons (justification) for authorizing a higher than minimum rate instead of or in addition to a recruitment incentive. SQA documents will be retained by the Directorate's Director for the period of 3 years.

ENCLOSURE 4

CALCULATING MAXIMUM INCENTIVE AMOUNT

The length of the Service Agreement determines the suggested maximum percentage of Base Salary (excluding Local Market Supplement) and is established as follows:

Table 2. Length of Service Agreement

Length of Agreement (Months)	12-23	24-35	36-48
Maximum Percentage of Base Salary	6.00	14.00	25.00
Effective Annual Percentage at Minimum (Max/Years)	6.00	7.00	8.33

If warranted, an Approving Official may approve a higher maximum percentage of up to 25 percent for a recruitment or relocation incentive IAW OPM guidance. In limited circumstances, with OPM's approval based on a critical organizational need, an Approving Official may approve a recruitment or relocation incentive of up to 50 percent of the employee's rate of basic pay. In no event may a recruitment or relocation incentive exceed 100 percent of the employee's rate of basic pay.

The following table compares the maximum recruitment or relocation incentive amounts that would be payable to an employee for service periods of various lengths. The maximum incentive amount is calculated by multiplying the employee's annual rate of basic pay by the max incentive percent by the length of service period.

The **maximum** incentive amounts shown in the table below are based on a GS-13, step 1, employee in Washington, DC, in 2015, with an annual rate of basic pay of \$83,468 at the beginning of the service period, including locality pay.

Table 3. Calculating Maximum Incentive Amount

Length of Service Agreement	Maximum Incentive Amount	Formula Basic Pay x Max Incentive % x Service Period
½ year	\$10,434	\$83,468 x 25% x .5 years
	\$20,867	\$83,468 x 50% x .5 years
1 year	\$20,867	\$83,468 x 25% x 1 year
	\$41,734	\$83,468 x 50% x 1 year
1 ½ years	\$31,301	\$83,468 x 25% x 1.5 years
	\$62,601	\$83,468 x 50% x 1.5 years
2 years	\$41,734	\$83,468 x 25% x 2 years
	\$83,468	\$83,468 x 50% x 2 years
2 ½ years	\$52,168	\$83,468 x 25% x 2.5 years
	\$104,335	\$83,468 x 40% x 2.5 years*
3 years	\$62,601	\$83,468 x 25% x 3 years
	\$83,385	\$83,468 x 33 1/3% x 3 years*
4 years	\$83,468	\$83,468 x 25% x 4 years

\*The total amount of a recruitment or relocation incentive may not exceed 100 percent of the employee’s rate of basic pay, even when OPM approves an incentive amount that exceeds 25 percent. To determine the maximum incentive percentage for service periods greater than 2 years when OPM approves an incentive amount that exceeds 25 percent, divide 100 percent by the number of years in the service period.

Failure to complete the Service Agreement will obligate the employee to a pro-rate repayment of the incentive or partial incentive payment. The following table provides guidance on pro-rate repayments of an incentive or partial payment of an incentive based on the employee’s completed service and length of service agreement.

Table 4. Length of Service Agreement and Completed Service

Completed Service (Months)	Agreement is for (Months)		
	12–23	24–35	36–48
Less than 12 Months	100 %	100 %	100 %
12 months but less than Agreement	None	50 %	50 %
24 months but less than Agreement	None	None	25%

APPENDIX 1

RECRUITMENT INCENTIVE WORKSHEET

## RECRUITMENT INCENTIVE

### Request Worksheet



Selectee Name:

Position Title:

Pay Plan:  Series:  Grade:  Step:

Total Adjusted Salary (Includes locality/special rate): \$

MTF/Center:

Directorate/Division:

Department/Service/Branch:

Hiring Manager:

Email:

Telephone:

RPA # (if applicable):

**Proposed Recruitment Incentive Amount**  
(up to 25% of total adjusted salary, which includes rate of basic pay and locality/special rate):

If any answer below is "No," a recruitment incentive cannot be approved.

1. Has the position been designated as "difficult to fill"?  YES  NO
  
2. If the incentive is for a former Federal employee with a break in service, is the employee's most recent performance rating of record at least "Fully Successful" or equivalent?  YES  NO  
*(Skip this question if the incentive is for a newly appointed employee)*
  
4. Was determination based on one or more of the following factors, as applicable in the case at hand?  YES  NO
  - Factors Considered (Please select all that apply)
  - Candidate has special qualifications needed to meet mission requirements
  - Significant differences in the Federal and non-Federal salaries for the skills and competencies required in the position to be filled
  - Recent turnover in the same or similar positions
  - Success of recent recruitment efforts involving similar positions
  - Desirability of the duties, work or organization environment, or geographic location of the position
  - Importance/criticality of the position to be filled and the effect on the agency or mission if the position is not filled

**Attach Required Justification to this Request**

Justification must include:

- Explanation of why the position is "difficult to fill"
- Explanation of the above factors considered for the incentive
- Disapprovals by RM. When Nominating Supervisor requests reconsideration, written justification is required to be submitted through RM, to approving official, to be attached to request and forwarded to CHRC

Nominating Supervisor	Resource Management	Second Level Approver (Optional)	Final Level Approver
<input checked="" type="radio"/> Approved <input type="radio"/> Disapproved			
Print Name: <input type="text"/>			
Title/ Rank: <input type="text"/>			
Signature: <input type="text"/>	Signature: <input type="text"/>	Signature: <input type="text"/>	Signature: <input type="text"/>

APPENDIX 2

RETENTION INCENTIVE WORKSHEET

# RETENTION INCENTIVE Request Worksheet



Selectee Name: \_\_\_\_\_ MTF/Center: (Select MTF or Center) ▼

Position Title: \_\_\_\_\_ Directorate/Division: \_\_\_\_\_

Pay Plan: GS ▼ Series: \_\_\_\_\_ Grade: -- ▼ Step: -- ▼ Department/Service/Branch: \_\_\_\_\_

Hiring Manager: \_\_\_\_\_

Email: \_\_\_\_\_

Total Adjusted Salary \$ \_\_\_\_\_ Telephone: \_\_\_\_\_

(includes locality/special rate): \_\_\_\_\_ RPA # (if applicable): \_\_\_\_\_

Proposed Retention Incentive Amount (up to 25% of total adjusted salary, which includes rate of basic pay and locality/special rate): \_\_\_\_\_

**If any answer below is "No," a retention incentive cannot be approved.**

1. Is the individual a current Federal employee in the NCR-MD Region?  YES  NO
2. Is the employee's most recent performance rating of record at least "Fully Successful" or equivalent?  YES  NO
3. Is the employee likely to leave Federal service in the absence of an incentive?  YES  NO
4. If the employee has received any previous recruitment or relocation incentives prior to receiving this retention incentive, has the employee completed the service agreement?  YES  NO
5. Was determination based on one or more of the following factors, as applicable in the case at hand  YES  NO
  - Factors Considered (Please select all that apply)
  - Employee has special qualifications needed to meet mission requirements
  - Significant differences in the Federal and non-Federal salaries for the skills and competencies required in the position to be filled
  - Recent turnover in the same or similar positions
  - Success of recent recruitment efforts involving similar positions
  - Desirability of the duties, work or organization environment, or geographic location of the position
  - Importance/criticality of the position to be filled and the effect on the agency or mission if the position is not filled or there is a delay in filling it

**Attach Required Justification to this Request**

- Justification must include:
- Explanation of why the position is "difficult to fill"
  - Explanation of the above factors considered for the incentive
  - This form is for an 'individual' request; "group or category" requests for any percent must follow procedures in AI for higher level approval authority
  - Disapprovals by RM. When Nominating Supervisor requests reconsideration, written justification is required to be submitted through RM, to approving official, to be attached to request and forwarded to CHRC

Nominating Supervisor	Resource Management	Second Level Approver (Optional)	Final Level Approver
<input type="radio"/> Approved <input type="radio"/> Disapproved			
Print: _____ Name: _____	Print: _____ Name: _____	Print: _____ Name: _____	Print: _____ Name: _____
Title: _____ Rank: _____	Title: _____ Rank: _____	Title: _____ Rank: _____	Title: _____ Rank: _____
Signature: _____	Signature: _____	Signature: _____	Signature: _____

APPENDIX 3

RELOCATION INCENTIVE WORKSHEET

# RELOCATION INCENTIVE Request Worksheet



Selectee Name: \_\_\_\_\_ MTF/Center: (Select MTF or Center)

Position Title: \_\_\_\_\_ Directorate/Division: \_\_\_\_\_

Pay Plan:  Series:  Grade:  Step:  Department/Service/Branch: \_\_\_\_\_

GS  Hiring Manager: \_\_\_\_\_

Total Adjusted Salary \$ \_\_\_\_\_ Email: \_\_\_\_\_

(Includes locality/special rate): Telephone: \_\_\_\_\_

RPA # (if applicable): \_\_\_\_\_

Proposed Relocation Incentive Amount (up to 25% of total adjusted salary, which includes rate of basic pay and locality/special rate): \_\_\_\_\_

**If any answer below is "No," a relocation incentive cannot be approved.**

- Is the individual a current Federal employee?  YES  NO
- Is the employee's most recent performance rating of record at least "Fully Successful" or equivalent?  YES  NO
- Has the position been designated as "difficult to fill"?  YES  NO
- Was determination based on one or more of the following factors, as applicable in the case at hand?  YES  NO
  - Factors Considered (Please select all that apply)
 

<input type="checkbox"/> Candidate has special qualifications needed to meet mission requirements	<input type="checkbox"/> Success of recent recruitment efforts involving similar positions
<input type="checkbox"/> Significant differences in the Federal and non-Federal salaries for the skills and competencies required in the position to be filled	<input type="checkbox"/> Desirability of the duties, work or organization environment, or geographic location of the position
<input type="checkbox"/> Recent turnover in the same or similar positions	<input type="checkbox"/> Importance/criticality of the position to be filled and the effect on the agency or mission if the position is not filled

**Attach Required Justification to this Request**

Justification must include:

- Explanation of why the position is "difficult to fill."
- Explanation of the above factors considered for the incentive.
- Disapprovals by RM. When Nominating Supervisor requests reconsideration, written justification is required to be submitted through RM, to approving official, to be attached to request and forwarded to CHRC.

Nominating Supervisor	Resource Management	Second Level Approver (Optional)	Final Level Approver
<input type="radio"/> Approved <input type="radio"/> Disapproved			
Print Name: _____	Print Name: _____	Print Name: _____	Print Name: _____
Title/Rank: _____	Title/Rank: _____	Title/Rank: _____	Title/Rank: _____
Signature: _____	Signature: _____	Signature: _____	Signature: _____

APPENDIX 4

SERVICE CREDIT FOR ENHANCED LEAVE ACCRUAL WORKSHEET

## SERVICE CREDIT for ENHANCED LEAVE ACCRUAL

### Request Worksheet



Selectee Name:  MTF/Center:

Position Title:  Directorate/Division:

Pay Plan:  Series:  Grade:  Step:  Department/Service/Branch:

Hiring Manager:

Email:

Telephone:

RPA # (if applicable):

Proposed # of Years Credited: <input style="width: 80%;" type="text"/>	Proposed Leave Accrual Rate: <input style="width: 80%;" type="text"/>
--	---

If any answer below is "No," the Service Credit cannot be approved.

1. Are the skills and experience of the employee necessary to achieve an important agency mission or performance goal?  YES  NO
2. Have the skills and experience of the employee been acquired through performance in a non-Federal, Military Service or volunteer position having duties that directly relate to the duties of the position to which the employee is being appointed?  YES  NO
  - Factors Considered (Please select all that apply)
  - Candidate has special qualifications needed to meet mission requirements
  - Significant differences in the Federal and non-Federal salaries for the skills and competencies required in the position to be filled
  - Recent turnover in the same or similar positions
  - Desirability of the duties, work or organization environment, or geographic location of the position
  - Importance/criticality of the position to be filled and the effect on the agency or mission if the position is not filled
  - Success of recent recruitment efforts involving similar positions

Attach the Required Documents and Justifications to this Request Worksheet

**Required Documents:**

- Candidate's Resume (must show significant non-Federal experience that is directly applicable to the requirements of the position)
- Candidates written justification showing the number of years and months of work experience comparable to the position's duties
- Position Description and Vacancy Announcement of the job being filled
- SF-144A
- DD214 (Member 4 Copy) -Prior Military Only
- Disapprovals by RM. when requesting reconsideration, require written justification through RM to approving official to be attached and forwarded to CHRC

CHRC Validation of Eligibility

Valid  Invalid

Print Name:

Title/Rank:

Signature:

Nominating Supervisor

Valid  Invalid

Print Name:

Title/Rank:

Signature:

Second Level Approver (Optional)

Approved  Disapproved

Print Name:

Title/Rank:

Signature:

Final Level Approver

Approved  Disapproved

Print Name:

Title/Rank:

Signature:

APPENDIX 5

SUPERIOR QUALIFICATIONS APPOINTMENT WORKSHEET

**SUPERIOR QUALIFICATIONS APPOINTMENT (SQA)**

**Request Worksheet**



Selectee Name:  MTF/Center:

Position Title:  Directorate/Division:

Pay Plan:  Series:  Grade:  Step:

Department/Service/Branch:

Hiring Manager:

Email:

Telephone:

RPA # (if applicable):

Total Adjusted Salary (Includes locality/special rate): \$

**If any answer below is "No," the SQA cannot be approved.**

- In lieu of the use of superior qualifications and special needs pay setting authority, did you consider the possibility of a recruitment incentive, 5 CFR 575.212(b)?  YES  NO
- Does the candidate possess superior qualifications for the position or do the candidate's services fill a special need of the agency?  YES  NO
- Was determination based on one or more of the following factors, as applicable in the case at hand?  YES  NO
  - Factors Considered (Please select all that apply):
 

<input type="checkbox"/> Candidate has special qualifications needed to meet mission requirements	<input type="checkbox"/> Desirability of the duties, work or organization environment, or geographic location of the position
<input type="checkbox"/> Significant differences in the Federal and non-Federal salaries for the skills and competencies required in the position to be filled	<input type="checkbox"/> Importance/criticality of the position to be filled and the effect on the agency or mission if the position is not filled
<input type="checkbox"/> Recent turnover in the same or similar positions	<input type="checkbox"/> Success of recent recruitment efforts involving similar positions
- Is the candidate's most recent performance rating of record at least "Fully Successful" or equivalent? (Skip this question if the incentive is for a newly appointed employee)  YES  NO

**Attach the Required Documents and Justifications to this Request Worksheet**

- Required Documents and Justification from Nominating Supervisor:**
- Candidate's Resume (must show significant non-Federal experience that is directly applicable to the requirements of the position)
  - Written explanation as to why a recruitment incentive was not chosen or why the SQA was offered in conjunction with a recruitment incentive
  - Written documentation of superior qualifications of the individual or special agency need for the candidate's services that justifies a higher minimum rate  
Position description of the job being filled
  - DD214 (Member 4 Copy needed) - Prior Military Only
  - Disapprovals by RM. When Nominating Supervisor requests reconsideration, written justification is required to be submitted through RM, to approving official, to be attached to request and forwarded to CHRC

**CHRC Validation of Eligibility**

Valid  Invalid

Print Name:

Title/Rank:

Signature:

Nominating Supervisor	Resource Management	Second Level Approver (Optional)	Final Level Approver
<input type="radio"/> Approved <input type="radio"/> Disapproved			
Print Name: <input type="text"/>			
Title/Rank: <input type="text"/>	Title/Rank: <input type="text"/>	Title/Rank: <input type="text"/>	Title/Rank: <input type="text"/>
Signature: <input type="text"/>	Signature: <input type="text"/>	Signature: <input type="text"/>	Signature: <input type="text"/>



GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

CHRC	Civilian Human Resources Center
DASD (CPP)	Deputy Assistant Secretary of Defense (Civilian Personnel Policy)
DHA	Defense Health Agency
DHA-AI	Defense Health Agency Administrative Instruction
DoDI	Department of Defense Instruction
eOPF	electronic Official Personnel Folder
GS	General Schedule
HR	Human Resources
HRD	Human Resources Division
NCR MD	National Capital Region Medical Directorate
OPM	Office of Personnel Management
SES	Senior Executive Service
SQA	Superior Qualification Appointment
U.S.C.	United States Code

PART II. DEFINITIONS

CHRC. HR organization linked to NCR MD, who ensures compliance with laws, regulations, DHA and NCR MD policies. The CHRC is the liaison for the Requesting Official(s), Designated Approving Official(s), and NCR MD Personnel Branch.

credit for prior non-Federal and Uniformed Service selectees. The accrual of annual leave above the minimum rate normally set for new Federal employees. Requesting Officials will recommend the amount of service credit to be granted based on the years of the prior non-Federal or Uniformed Service selectee that is directly related and relevant to the mission. The final decision on granting Accelerated Leave Accrual will be made by the CHRC.

difficult-to-fill position. A position determined by the Directorate Director or Directorate-level equivalent approval, as likely to be difficult to fill absent a recruitment or relocation incentive. Factors in determining “difficult-to-fill” positions include, but are not limited to, availability of candidates with required competencies; salaries paid outside the government, recent turnover, and employment trends for similar positions.

Federal Civilian. All appointed positions in an executive activity. It does not refer to private contractors hired by the agencies.

high risk of departure. Employees identified to have a high risk of departure from the Federal Government are those employees in positions authorized for direct hire authority or otherwise justified by the approving official using criteria listed in this publication. High probability that an employee will depart Federal Service may be justified by a number of environmental factors to include, but not limited to, salary paid on the outside, employment trends, and the labor market.

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 or locality payment. This does not include pay of any other kind such as night or environmental differentials. Incentive payments are not considered part of basic pay for any purpose.

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 and is likely to be difficult to fill in the absence of such an incentive. “Newly appointed” refers to the first appointment (regardless of tenure) of an employee to the Federal Government, an appointment following a break in service of at least 90 days from a previous appointment as an employee of the Federal Government, or, in certain cases, an appointment following a break in service of less than 90 days from a previous appointment as an employee of the Federal Government. The incentive may be up to 25 percent of the Base Salary (including locality and special rate) that has been offered to a candidate. The incentive may be paid in a lump-sum payment at the beginning of the service period, in installments throughout the service period, as a final lump sum payment upon completion of the service period, or in a combination of these methods. The candidate is required to sign an agreement to remain employed for a period of at least 6 months, or repay the incentive. For physicians and dentists, the Activity Compensation Panel must review, and the Authorized Management Official must approve the use of the recruitment incentive when setting pay.

relocation incentive. An incentive paid to a current Federal employee who must relocate to accept a position in a different geographic area (as defined by OPM) 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. This may be used to pay a bonus of up to 25 percent of the Base Salary (including locality and special rate) that has been offered to the candidate. The bonus is paid in a lump sum at the entry of duty with NCR MD. The candidate is expected to sign an agreement to remain employed for a period of at least 12 months, or repay the incentive as detailed in this Glossary. The candidate must complete the relocation to the new work place and change of residence before the incentive is paid. For physicians and dentists, the Activity Compensation Panel must review, and the Authorized Management Official must approve the use of the relocation incentive when setting pay.

retention incentive. An incentive paid to a current Federal employee occupying a position that is considered “difficult-to-fill” because of a requirement for 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 that the employee would be likely to leave the Federal Service in the absence of a retention incentive. (Direct Hire Authority positions are automatically considered “difficult-to-fill.) The incentive may be up to 25 percent of the employee’s current Basic Pay (to include a special or locality rate), and will be paid bi-weekly as

regular pay or in a lump sum if requested by the employee. For positions not covered by Direct Hire Authority, it must be endorsed by the Directorate Director in writing, and approved by the Approving Official, that absent the incentive, the employee would be likely to leave Federal Civil Service for employment outside the Federal Government, as evidenced by a valid tentative job offer or other similar official documentation. This incentive may not be used to attempt to delay retirement, nor prevent the employee's transfer to another Federal Activity. The retention incentive may be paid for as long as the conditions warrant the incentive to exist. The incentive will expire and/or cancel annually on the anniversary of the initial certification or most recent recertification. In order to continue the incentive, it must be reviewed and recertified at least annually, and prior to the date of expiration. For physicians and dentists, the Activity Compensation Panel must review, and the Authorized Management Official must approve the use of the retention incentive when setting pay.

A retention incentive of up to 10 percent of basic pay may be offered to a group or category of employees when it is determined that the usually high or unique qualifications (i.e., competencies) of the group or category of employees or a special need of the activity for the employees' services makes it essential to retain the employees in that group or category, and there is a high risk that a significant number of employees in the group would likely leave the Federal Service in the absence of a retention incentive. Requesting Officials must narrowly define a target category of employees using factors that are related to the conditions described in Enclosure 3, Section 1b. Factors that may be appropriate include the following: occupational series, grade level, distinctive job duties, unique competencies required for the position, assignment to a special project, minimum activity service requirements, organization or team designation, geographic location, and required rating of record.

Service Agreement. Required for retention incentive, recruitment incentive, relocation incentive and student loan repayment. A Service Agreement is a written agreement that must be signed by an employee prior to receiving incentive pay that requires completion of a specified period of employment. A period of at least 6 months, but not to exceed 4 years, is required for incentives. The maximum amount of a recruitment or relocation incentive is dependent upon the length of the agreement decided by management and the candidate. If the employee terminates the Service Agreement by separation, transfer to another organization, or because of misconduct or documented substandard performance during the first year of employment, the employee will be required to repay a pro-rated portion of the incentive. If the employee is terminated during the period of the agreement and such termination is neither at the request of the employee or a result of misconduct or documented substandard performance, there will be no requirement for the employee to repay the incentive.

service period. The period of service required by the Service Agreement, which may not be less than 6 months and may not exceed 4 years. Service periods begin on the first day of a pay period and end on the last day of a pay period.

student loan repayment. Before authorizing a student loan repayment, the following must be determined: (1) employee (or job candidate) is highly qualified and otherwise eligible, (2) difficulty in filling the position. In a case where the authorization is granted to retain a current employee, the employee would be likely to leave the activity for employment outside the Federal Service and it is essential to retain the employee's high or unique qualifications or a special need of the organization. Payments are made to the loan holder of up to a maximum of \$10,000 for an employee in a calendar year and a total of not more than \$60,000 for any one employee. Loans eligible for payment are those made, insured, or guaranteed under Parts B, D, or E of Title IV of the Higher Education Act of 1965 or a health education assistance loan made or insured under Part A of Title VII or Part E of the Public

Health Service Act. The employee must provide a letter from the loan holder verifying Federal insurance. The lifetime maximum repayment per employee is \$60,000. In order to be a qualifying loan, it must be insured or guaranteed under the Higher Education Act of 1965 and the Public Health Service Act. The employee must provide a letter from the loan holder verifying Federal insurance. The loan repayment amount is considered taxable wages subject to tax withholding. A written Service Agreement for not fewer than 3 years of continuous Federal service is required, without regard to term of payments or total amount repaid. In addition, an employee must maintain an acceptable level of performance of fully successful or higher in order to continue to receive repayment benefits.

SQA. The Requesting Official must first consider the possibility of a recruitment incentive in determining whether to use the advanced in-hire rate authority and in setting the higher rate of basic pay. Agencies may use the superior qualifications and special needs pay-setting authority to set the rate of basic pay to employees appointed to any GS position, including permanent and temporary positions in the competitive or excepted service, upon first appointment as a civilian employee of the Federal Government or reappointment to a GS position after a 90-day break in service. Pay may be set at a rate above the minimum rate of the appropriate GS grade because of the superior qualifications of the candidate, or a special need of the activity for the candidate's services. The CHRC must approve the experience and/or education used to support the request for the SQA. For physicians and dentists, the Activity Compensation Panel must review, and the Authorized Management Official must approve the use of the SQA in setting pay.