DODEA ADMINISTRATIVE INSTRUCTION 1402.01

RECRUITMENT, RELOCATION, AND RETENTION INCENTIVES AND SUPERVISORY DIFFERENTIALS PROGRAM

Originating Division: Human Resources

Effective: June 6, 2022

Releasability: Cleared for public release. Available at the DoDEA Policy Webpage.

Incorporates and cancels: DoDEA Memorandum, “Recruitment, Relocation, and Retention Incentives,” January 29, 2009

Memorandum for Department of Defense Education Activity (DoDEA) and Civilian Human Resources Agency (CHRA), North Central Region, “Interim DoDEA Administrative Instruction 1402.4, “Recruitment, Retention, and Relocation,” May 24, 2018

Approved by: Thomas M. Brady, Director

Purpose: This Issuance establishes policy, assigns responsibilities, and implements procedures pursuant to Part 575 of Title 5, Code of Federal Regulations to administer the Recruitment, Relocation, and Retention (3R) Incentives and Supervisory Differentials Program within the Department of Defense Education Activity (DoDEA) to strategically address human capital needs and to build and maintain a high-performing workforce.
# TABLE OF CONTENTS

**SECTION 1: GENERAL ISSUANCE INFORMATION**
- 1.1. Applicability ................................................................. 4
- 1.2. Policy .............................................................................. 4
- 1.3. Information Collection ..................................................... 4

**SECTION 2: RESPONSIBILITIES**
- 2.1. DoDEA Director .............................................................. 5
- 2.2. DoDEA Chief Operating Officer ................................. 5
- 2.3. DoDEA Human Resources Division Chief ...................... 5
- 2.4. DoDEA Resource Management Division Chief .............. 6

**SECTION 3: GENERAL PROCEDURES**
- 3.1. Eligibility ........................................................................ 7
  - a. Eligible Categories of Employees .................................. 7
  - b. Ineligible Categories of Employees ............................... 7
- 3.2. Authorization and Payment ............................................. 7
- 3.3. Unfulfilled Service Agreement ...................................... 7

**SECTION 4: RECRUITMENT INCENTIVES**
- 4.1. Authorization ................................................................. 9
- 4.2. Payment ......................................................................... 10
- 4.3. Service Agreement Requirements .................................. 11
- 4.4. Termination of a Service Agreement ............................ 12
  - a. Mandatory Termination .............................................. 12
  - b. Discretionary Termination .......................................... 12
- 4.5. Documentation .............................................................. 12

**SECTION 5: RELOCATION INCENTIVES**
- 5.1. Authorization ................................................................. 13
- 5.2. Payment ......................................................................... 15
- 5.3. Service Agreement Requirements .................................. 15
- 5.4. Termination of a Service Agreement ................................ 15
- 5.5. Documentation .............................................................. 16

**SECTION 6: RETENTION INCENTIVES**
- 6.1. Authorization ................................................................. 17
- 6.2. Payment ......................................................................... 19
- 6.3. Service Agreement Requirements .................................. 20
- 6.4. Continuation, Reduction, and Termination of Retention Incentives ........................................ 21
  - a. Continuation .................................................................. 21
  - b. Reduction ...................................................................... 21
  - c. Termination ................................................................... 21
  - d. Grievances or Appeals ................................................... 22

**SECTION 7: SUPERVISORY DIFFERENTIALS**
- 7.1. Approvals .................................................................... 23
- 7.2. Eligibility Criteria .......................................................... 23
- 7.3. Reduction or Termination .................................................. 23

**SECTION 8: DOCUMENTATION** ............................................. 24
8.1. Documenting .................................................................................................................. 24
8.2. Document Requirements ................................................................................................. 24
Glossary .................................................................................................................................. 25
  G.1. Acronyms. ....................................................................................................................... 25
  G.2. Definitions ...................................................................................................................... 25
References ................................................................................................................................. 28
Appendix ................................................................................................................................... 29
  Appendix 1: Internal Controls Evaluation Checklist ............................................................. 29
SECTION 1: GENERAL ISSUANCE INFORMATION

1.1. APPLICABILITY.

   a. This Issuance applies to the DoDEA Headquarters Organization, the DoDEA Americas Region, the DoDEA Europe Region, the DoDEA Pacific Region, and includes all schools under the DoDEA authority.

   b. Does not apply to volunteers, students, student teachers, contractors, and sponsors, parents, and legal guardians.

   c. Where provisions of this Issuance conflict with enforceable provisions of negotiated labor agreements, the provisions of the negotiated agreements will apply. When provisions of this Issuance differ from changes in Federal law or regulation, the changes in Federal law or regulation will apply.

1.2. POLICY. It is DoDEA policy that:

   a. Incentives or supervisory differentials authorized by this Issuance will be consistent with:

      (1) The requirements defined in Part 575 of Title 5, Code of Federal Regulations and Chapters 31, 43, 53, and 57 of Title 5, United States Code.

      (2) The policies and procedures established in this Issuance.

   b. The DoDEA Director or COO will thoroughly weigh the financial costs and benefits associated with incentives and supervisory differentials and consider other pay-setting options prior to approval.

   c. Recruitment, relocation, and retention incentives are not part of an employee’s rate of basic pay for any purpose. A supervisory differential is not part of a supervisor’s rate of basic pay for any purpose.

   d. Payment of recruitment, relocation, retention incentive or a supervisory differential is subject to the aggregate limitation on pay pursuant to Subpart B of Part 530 of Title 5, Code of Federal Regulations and Section 5307 of Title 5, United States Code.

1.3. INFORMATION COLLECTION. This Issuance may result in the collection of information due to its policy and procedures. Any collection of information must follow all applicable Federal law and DoD and DoDEA regulations, policies, and guidance.
SECTION 2: RESPONSIBILITIES

2.1. DODEA DIRECTOR. The DoDEA Director will:

   a. Oversee the implementation of incentives and supervisory differentials in accordance with applicable Federal law and DoD and DoDEA regulations, policies, and guidance.

   b. Approve or disapprove recruitment, relocation, and retention incentive requests over ten (10) percent, not to exceed 25 percent of the DoDEA employee’s annual rate of basic pay in effect at the beginning of the service period in accordance with Part 575 of Title 5, Code of Federal Regulations.

   c. Requests over 10 percent must be submitted to the Chief Operating Officer (COO) for review prior to submission for approval by the DoDEA Director.

2.2. DODEA CHIEF OPERATING OFFICER. The DoDEA Chief Operating Officer (COO) will:

   a. Approve or disapprove recruitment, relocation, and retention incentive requests up to ten (10) percent of the employee’s annual rate of basic pay in effect at the beginning of the service period in accordance with Part 575 of Title 5, Code of Federal Regulations.

   b. Exercise decision authority to waive the requirements to repay recruitment, relocation, or retention incentive payments in accordance with Part 575 of Title 5, Code of Federal Regulations.

   c. Ensure this Issuance is applied in a consistent manner when determining incentive amounts and the length of service agreements for employees in similar situations.

2.3. DODEA HUMAN RESOURCES DIVISION CHIEF. The DoDEA Human Resources (HR) Division Chief will:

   a. Develop and communicate the procedures regarding incentives.

   b. Compile, prepare, and submit at the end of each fiscal year, reports regarding DoDEA’s usage of the 3R incentives, as well as the annual 3R incentives report to the Office of Personnel Management (OPM) and the Deputy Under Secretary of Defense (DUSD) for Civilian Personnel Policy (CPP).

   c. Monitor the usage of incentives to ensure that payments are consistent in accordance with this Issuance.

   d. Documentation of position criticality, the amount of an incentive payment, method of payment, length of a required service period, or termination of a service agreement will be maintained in the employee’s electronic Official Personnel Folder (eOPF).
2.4. **DODEA RESOURCE MANAGEMENT DIVISION CHIEF.** The DoDEA Resource Management (RM) Division Chief will:

a. Provide advice, guidelines, and recommendations relating to the incentive and supervisory differential policy and procedures.

b. Provide a final review of the amount of payment, method of payment, and length of payment.
SECTION 3: GENERAL PROCEDURES

3.1. ELIGIBILITY.

a. Eligible Categories of Employees. Incentives may be paid to employees assigned to:

   (1) General Schedule (GS) positions.
   (2) Administratively Determined (AD) positions.
   (3) Teaching Positions (TP).
   (4) Senior-Level (SL) positions.
   (5) Scientific or Professional (ST) positions.
   (6) Senior Executive Service (SES) positions.
   (7) Executive Schedule (EX) positions.
   (8) Prevailing rate positions.

b. Ineligible Categories of Employees. Incentives may not be paid to an employee assigned to:

   (1) A position to which an individual is appointed by the President, by and with the advice and consent of the United States Senate, in accordance with Part 575 of Title 5, Code of Federal Regulations.
   (2) A position in the SES as a noncareer appointee, in accordance with Section 3132(a)(7) of Title 5, United States Code.
   (3) A position excepted from the competitive service by reason of its confidential, policy-determining, policymaking, or policy-advocating character.
   (4) Student appointees permanently excluded from the 3Rs incentives.

3.2. AUTHORIZATION AND PAYMENT. Procedures for authorizing and paying recruitment, relocation, and retention incentives are outlined in Sections 4 through 6 of this Issuance. Procedures for authorizing and paying supervisory differentials are outlined in Section 7 of this Issuance.

3.3. UNFULFILLED SERVICE AGREEMENT. The termination of a service agreement or failure to complete the service period specified in a service agreement in accordance with Sections 4 through 6 may result in an employee debt.
a. The debt collection process for debtors continuing employment with the U.S. Government will be in accordance with Volume 8 of DoD 7000.14-R and for debtors no longer in U.S. Government employment will be in accordance with Volume 5 of DoD 7000.14-R.

b. The DoDEA Director may waive a debt pursuant to Parts 575.111(h), 575.211(h), or 575.513(g) of Title 5, Code of Federal Regulations.
4.1. AUTHORIZATION.

a. Pursuant to Subpart A of Part 575 of Title 5, Code of Federal Regulations and Section 5753 of Title 5, United States Code, the DoDEA Director or COO may approve recruitment incentives paid in accordance with this Issuance for an employee newly appointed (as defined in accordance with Part 575.102 of Title 5, Code of Federal Regulations) to a position that is likely to be difficult to fill. Determinations to pay the recruitment incentive will be made before the prospective employee enters on duty.

b. The DoDEA Director 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 recruitment service agreement to complete a required service period with DoDEA. The service period may not be less than six (6) months and may not exceed four (4) years.

c. The decision to pay a recruitment incentive must be approved in writing before the prospective DoDEA employee enters on duty in the position to which recruited. The approval justification will contain the following:

(1) The basis for determining if a position is likely to be difficult to fill considering the factors in Part 575 of Title 5, Code of Federal Regulations.

(2) The basis of authorizing a recruitment incentive.

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

(4) The basis for determining that the candidate would not accept the position without a recruitment incentive.

d. The DoDEA Director or COO may:

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

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

(3) Authorize an official who is not lower than the candidate’s supervisor to offer a recruitment incentive, at their sole and exclusive discretion (in any amount within a pre-established range), to a qualified candidate.

e. 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. Group incentives may not be paid to employees excluded by Part 575.105(b) of Title 5, Code of Federal Regulations.
f. Recruitment incentive plans must be approved by the DoDEA Director or COO.

   (1) In determining whether to grant a recruitment incentive, the DoDEA Director or COO will consider the factors in accordance with Part 575.106(b) of Title 5, Code of Federal Regulations.

   (2) Positions may be considered to meet the eligibility criteria cited in Section 4.1.e. of this Issuance if the OPM has approved the use of a direct-hire authority for the position (or group of positions), pursuant to Subpart B of Part 337 of Title 5, Code of Federal Regulations.

   (3) The requirement to obtain higher-level approval does not apply when criteria have been set in advance to offer recruitment incentives within a pre-established range to expedite a job offer.

g. The DoDEA Director or COO must establish the criteria for determining the amount of a recruitment incentive in accordance with Part 575.109 of Title 5, Code of Federal Regulations and any supplemental criteria added by DoDEA.

   (1) A recruitment incentive must begin on the first day of a pay period and end on the last day of a pay period. The recruitment incentive may not exceed 25 percent of the prospective employee’s annual rate of basic pay in effect at the beginning of the service period, multiplied by the number of years (including fractions of a year) in the service period. For example, if a prospective employee is paid 25 percent for three (3) years, the total recruitment incentive would amount to 75 percent of their annual rate of basic pay at the beginning of the service period.

   (2) For hourly rate employees who do not have a scheduled annual rate of basic pay, compute the annual rate by multiplying the applicable hourly rate in effect at the beginning of the service period by 2,087 hours.

   (3) To determine the number of years in a service period, divide the total number of calendar days in the service period by 365 and round the result to two (2) decimal places. For example, a service period covering 39 biweekly pay periods equals 546 days, and 546 days divided by 365 days equals 1.50 years.

4.2. PAYMENT.

   a. The prospective employee must sign a service agreement before receiving any recruitment incentive payments.

   b. DoDEA will pay recruitment incentives, as specified in the employee’s service agreement. The recruitment incentives may be paid:

      (1) In a lump-sum payment at the beginning of the service period stated in the employee’s service agreement.

      (2) In equal or variable installment payments throughout the service period required by the employee’s service agreement.
(3) In a final lump-sum payment at the completion of service period required by the employee’s service agreement.

c. Payment of a recruitment incentive may not be made retroactively (prior to the effective date of the signed service agreement).

d. An employee may receive a payment of a recruitment incentive based on a job offer of employment and having signed a written service agreement.

e. In determining the amount of the recruitment incentive, at least one (1) or more of the following criteria should be used to make the decision:

   (1) The current non-federal salary or salary plus fringe benefits the candidate is currently receiving.

   (2) The projected cost of a renewed recruitment effort if the candidate does not accept the position.

   (3) The specialized skills the candidate possesses that will benefit DoDEA and are in addition to the basic position requirements.

   (4) The critical shortage or essential need to fill the position based on the DoDEA mission.

4.3. SERVICE AGREEMENT REQUIREMENTS.

a. Employee service agreements required for recruitment incentives will specify:

   (1) The prospective employee’s name, title, series or occupational code, and grade or pay level of their position.

   (2) The period of service, in months and years, agreed to by the prospective employee consistent with Section 4.1.b. of this Issuance.

   (3) The actual beginning and ending dates of the required service period. The service period must begin on the first day of a prospective employee’s service with DoDEA and end on the last day of a pay period. There are two (2) exceptions:

      (a) If the employee does not begin work on the first day of the pay period, the service period will begin on the first day of the next pay period.

      (b) If the employee is required to complete a probationary period or an initial period of formal training, the DoDEA Director or COO may elect to delay the employee’s service period until the beginning of the pay period following the completion of the probationary or training period. Since the DoDEA Director or COO must approve the recruitment incentive before the employee enters on duty, the recruitment service agreement must specify there is no
obligation to pay any portion of the recruitment incentive if the employee does not successfully complete the probationary period or the training.

(4) The total amount of the recruitment incentive, the method of payment, and the timing and amounts of the payments, as established in Section 4.1.b. of this Issuance.

(5) The conditions under which the DoDEA Director or COO must terminate the recruitment service agreement. Such conditions may include if an employee is demoted or separated for cause or receives a rating of record of less than “Fully Successful” or equivalent, or otherwise fails to fulfill the terms of the recruitment service agreement.

(6) The extent to which periods of time on detail, in a nonpay status, or in a paid leave status are creditable towards completion of the service period.

(7) The consequence of both employee and management decisions to terminate recruitment service agreements (e.g., conditions under which the employee must repay any unearned portion of the incentive they already may have received in accordance with Parts 575.111(e) and (f) of Title 5, Code of Federal Regulations).

(8) In accordance with Part 575.111(c) of Title 5, Code of Federal Regulations, termination of a service agreement is not grievable or appealable.

(9) Any other terms and conditions for receiving and retaining an incentive.

b. Failure by the employee to complete the service agreement will obligate the individual to make a pro-rata repayment of the recruitment incentive.

4.4. TERMINATION OF A SERVICE AGREEMENT. The DoDEA Director or COO must notify an employee in writing when an employee’s recruitment service agreement is terminated.

a. Mandatory Termination. A demotion or separation for cause (i.e., for unacceptable performance or conduct) or a less than “Fully Successful” or equivalent rating terminates the recruitment service agreement. An employee who fails to complete the period for these reasons or otherwise fails to fulfill the terms of the recruitment service agreement must repay any portion of the incentive attributable to the uncompleted service.

b. Discretionary Termination. The DoDEA Director or COO may terminate the agreement based solely on management needs, such as reduction in force or insufficient funds. An employee who does not fulfill a recruitment service agreement due to termination based on management needs is entitled to all incentive payments already received.

4.5. DOCUMENTATION. Upon approval, the incentive is documented by issuing a Standard Form 50, “Notification of Personnel Action” and inserted in the employee’s eOPF.
SECTION 5: RELOCATION INCENTIVES

5.1. AUTHORIZATION.

a. Pursuant to Subpart B of Part 575 of Title 5, Code of Federal Regulations and Section 5753 of Title 5, United States Code, the DoDEA Director or COO may approve relocation incentives paid to a current federal employee who must relocate, without a break in service, to accept a position in a different geographic area (as defined in Part 575.205(b) of Title 5, Code of Federal Regulations) that is likely to be difficult to fill.

b. The DoDEA Director or COO may approve relocation incentives whether the relocation is permanent or temporary.

c. The decision to pay a relocation incentive must be approved in writing before the prospective employee enters on duty. The approval justification should contain the following:

   (1) The basis for determining if a position is likely to be difficult to fill considering the factors in Part 575 of Title 5, Code of Federal Regulations.

   (2) The basis for authorizing a relocation incentive.

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

   (4) The worksite of the employee’s new position, if not in the same geographic area as the worksite of the position held immediately before the move (or that a waiver has been approved under Part 575 of Title 5, Code of Federal Regulations), and the employee established a residence in the geographic location.

d. To receive a relocation incentive, the employee must have a rating of record of at least “Fully Successful” or equivalent for the position held immediately before the move.

e. The DoDEA Director or COO may approve relocation incentives with the same conditions as stated in Section 4.1.d. of this Issuance for recruitment incentives.

f. The DoDEA Director or COO may waive the requirement to make case-by-case determinations and approve group relocation incentives under the following conditions:

   (1) The employee is a member of a group of employees subject to a mobility agreement, and relocation incentives are necessary to ensure continuity of operations.

   (2) A major organizational unit is relocated to a new duty station and relocation incentives will ensure continued operations of that unit without undue disruption to operations or functions deemed essential to DoDEA’s mission.

g. Relocation incentives must be approved by the DoDEA Director or COO in accordance with Section 4.1.e. of this Issuance and consistent with the following:
(1) In determining whether to approve or disapprove a relocation incentive, the DoDEA Director or COO will consider the factors in Part 575.206(b) of Title 5, Code of Federal Regulations.

(2) Positions may be considered to meet the eligibility criteria in Part 575.206(b) of Title 5, Code of Federal Regulations if OPM has approved the use of a direct-hire authority for the position (or group of positions) pursuant to Part 337, Subpart B of Title 5, Code of Federal Regulations.

(3) In accordance with Part 575.205(b) of Title 5, Code of Federal Regulations, 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., to establish a new residence) to accept the position, the DoDEA Director or COO may waive the requirement that the worksite of the new position be 50 or more miles from the worksite of the position held immediately before the move.

(4) The requirement to obtain higher-level approval does not apply when the requirement to approve relocation incentives on a case-by-case basis has been waived in accordance with Section 5.1.f. of this Issuance.

h. The DoDEA Director or COO must establish the criteria for determining the amount of a relocation incentive in accordance with Part 575.209 of Title 5, Code of Federal Regulations and any supplemental criteria added by DoDEA.

(1) The total amount of relocation incentive payments paid to an employee in a service period may not exceed 25 percent of the annual rate of basic pay of the employee at the beginning of the service period multiplied by the number of years (including fractions of a year) in the service period. The service period may not be less than six (6) months and may not exceed four (4) years.

(2) For hourly rate employees who do not have a scheduled annual rate of basic pay, compute the annual rate by multiplying the applicable hourly rate in effect at the beginning of the service period by 2,087 hours.

(3) To determine the number of years in a service period, divide the total number of calendar days in the service period by 365 and round the result to two decimal places. For example, a service period covering 39 biweekly pay periods equals 546 days, and 546 days divided by 365 days equals 1.50 years.

i. The DoDEA Director or COO must make the determination to pay a relocation incentive before the employee enters on duty in the new position. The employee must establish a residence in the new geographic area before the relocation incentive is paid. Examples of documentation that demonstrates the establishment of a residence include a current:

(1) Utility bill addressed to the residence in the new geographic area.

(2) Bank statement showing the address of residence in the new geographic area.
(3) Lease agreement or property record, such as a deed or mortgage, showing the address of residence in the new geographic area.

(4) Employee’s driver’s license with the address in the new geographic area.

j. Decisions to approve group relocation incentives must be supported by written determinations that specify the group of covered employees, the conditions requiring the group relocation incentive, and the period of time during which authorization of the group relocation incentive is valid.

5.2. PAYMENT.

a. The employee must sign a relocation service agreement before receiving any relocation incentive payments.

b. The DoDEA will pay relocation incentives as specified in the employee’s relocation service agreement. The relocation incentives may be paid:

   (1) In a lump-sum payment at the beginning of the service period stated in the relocation service agreement.

   (2) In equal or variable installment payments throughout the service period required by the relocation service agreement.

   (3) In a final lump-sum payment at the completion of the service period specified in the relocation service agreement.

c. DoDEA may commence a relocation incentive service agreement during a period of employment established under a relocation service agreement for a previously authorized retention incentive or for which an employee is receiving previously authorized retention incentive payments without a relocation service agreement in accordance with Part 575.205(e) of Title 5, Code of Federal Regulations.

5.3. SERVICE AGREEMENT REQUIREMENTS. Employee relocation service agreements required for relocation incentives will contain the information stated in Section 4.3.a. of this Issuance. For relocation incentives, the relocation service period discussed in Section 4.3.a.(3) of this Issuance will begin on the first day of an employee’s service at the new duty station, unless an exception in accordance with Sections 4.3.a.(3)(a) and 4.3.a.(3)(b) of this Issuance applies. The relocation service agreement must define the limits of the new geographic area for the purpose of determining whether an employee maintains residency for the duration of the relocation service agreement.

5.4. TERMINATION OF A SERVICE AGREEMENT. Relocation service agreements must terminate under the same circumstances as stated in Section 4.3.a.(5) of this Issuance. The DoDEA Director or COO must terminate the relocation service agreement if the employee fails
to maintain residency in the new geographic area for the duration of the relocation service agreement.

a. The DoDEA Director or COO may unilaterally terminate the relocation service agreement based solely on management needs such as reduction in force or insufficient funds.

b. The DoDEA Director or COO must notify the employee in writing when the employee’s relocation service agreement is terminated.

c. Parts 575.211(e) and (f) of Title 5, Code of Federal Regulations, establish employee entitlements to payments received in the event a relocation service agreement is terminated.

d. If an employee received relocation incentive payments in excess of the amount that would be attributable to the completed portion of the service period described in Part 575.211(f) of Title 5, Code of Federal Regulations, the DoDEA Director or COO may waive the requirement to repay the excess amount when, in the judgment of the DoDEA Director or COO, collection of the excess amount would be against equity and good conscience and not in the best interest of the United States.

e. Employees may retain any relocation incentive payment attributable to completed service but must repay any portion of the relocation incentive attributable to uncompleted service. DoDEA is not obligated to pay the employee any outstanding relocation incentive payments attributable to completed service unless such a payment was required under the terms of the relocation service agreement. The full amount of the authorized relocation incentive must be pro-rated across the length of the relocation service period to determine the amount of the relocation incentive attributable to completed service and uncompleted service.

f. Employees may not grieve or appeal the decision to terminate the relocation service agreement.

5.5. DOCUMENTATION. Upon approval, the relocation incentive is documented by a Standard Form 50, “Notification of Personnel Action” and inserted in the eOPF.
SECTION 6: RETENTION INCENTIVES

6.1. AUTHORIZATION.

a. Pursuant to Subpart C of Part 575 of Title 5, Code of Federal Regulations and Section 5754 of Title 5, United States Code, the DoDEA Director or COO may approve a retention incentive for:

(1) An employee who has unusually high or unique qualifications, when the organization has a special need to retain the employee’s services, or the employee would likely leave Federal service without an incentive (e.g., employee receives an offer of employment from a private firm or is likely to retire.)

(2) A group of employees in accordance with the factors in Part 575.306(b) of Title 5, Code of Federal Regulations and under the following conditions:

(a) The unusually high or unique qualifications of the group or a special need of the organization for the employees’ services makes it essential to retain the employees in that group or category.

(b) There is a high risk that a significant number of the employees in the group or category would likely leave Federal service without the retention incentive.

(3) An employee in an organization subject to closure or relocation that is likely to leave for a different position in the Federal service in accordance with Part 575.314 of Title 5, Code of Federal Regulations.

(4) A group or category of employees in an organization subject to closure or relocation who are likely to leave for a different position in the Federal service in accordance with Part 575.314(a)(2) of Title 5, Code of Federal Regulations.

b. Employees eligible for retention incentives are identified in accordance with Part 575.303 of Title 5, Code of Federal Regulations.

(1) For incentives authorized in accordance with Section 6.1.a.(3) or 6.1.a.(4) of this Issuance, the employee must have a rating of record at least “Fully Successful,” or equivalent and have received a general or specific notice in accordance with Part 575.314(b)(3) of Title 5, Code of Federal Regulations.

(2) Inclusion of an office, facility, activity, or organization on the base realignment and closure list can be considered a general notice for the purposes in accordance with Part 575.314(b)(3) of Title 5, Code of Federal Regulations.

c. Employees who are ineligible for individual or group retention incentives are identified in accordance with Part 575.304 of Title 5, Code of Federal Regulations.
d. Employees who are ineligible for group retention incentives are identified in accordance with Part 575.305(c) of Title 5, Code of Federal Regulations.

e. Retention incentives may be approved or continued only when the employee’s rating of record (or an official performance appraisal or evaluation under a system not covered by Chapter 43 of Title 5, United States Code or Part 430 of Title 5, Code of Federal Regulations) is at least “Fully Successful” or equivalent.

f. A retention incentive rate may not exceed 25 percent of an employee’s rate of basic pay if authorized for an individual employee.

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

h. Retention incentives must be approved by the DoDEA Director or COO,

   (1) In determining whether to approve or disapprove an employee retention incentive, the DoDEA Director or COO must consider the factors in accordance with Part 575.306(b) of Title 5, Code of Federal Regulations.

   (2) In determining whether to approve or disapprove a group retention incentive, the DoDEA Director or COO must consider the factors in accordance with Part 575.306(c)(1) of Title 5, Code of Federal Regulations and must narrowly define the group in accordance with Part 575.306(c)(2) of Title 5, Code of Federal Regulations. The requirement to obtain a higher-level approval does not apply when approving coverage of individual employees under a previously approved group retention incentive.

   (3) In determining whether to approve or disapprove an individual retention incentive in accordance with Section 6.1.a.(3) of this Issuance, the DoDEA Director or COO must consider and document the factors in accordance with Parts 575.306(b) and 575.314(d)(2) of Title 5, Code of Federal Regulations.

   (4) In determining whether to approve or disapprove a group retention incentive in accordance with Section 6.1.a.(4) of this Issuance, the DoDEA Director or COO must consider the factors in accordance with Parts 575.306(c) and 575.314(d)(3) of Title 5, Code of Federal Regulations.

i. The DoDEA Director or COO must determine the percentage of the individual or group retention incentive based on the criteria in accordance with Part 575.306(b) of Title 5, Code of Federal Regulations, and in any supplemental guidance provided by DoDEA.

j. Each determination to pay a retention incentive must be documented in writing.

   (1) For incentives approved in accordance with Section 6.1.a.(1) or 6.1.a.(2) of this Issuance, the written determination must address the requirements in accordance with Part 575.308(b) of Title 5, Code of Federal Regulations.
(2) For incentives approved pursuant to Section 6.1.a.(3) or 6.1.a.(4) of this Issuance, the written determination must address the requirements in accordance with Part 575.314(d) of Title 5, Code of Federal Regulations.

k. The DoDEA Director or COO may not approve a retention incentive if an employee is under a service agreement and receiving payment for a recruitment or relocation incentive or for a previously authorized retention incentive with or without a service agreement in accordance with Part 575.309(g) of Title 5, Code of Federal Regulations.

6.2. PAYMENT.

a. The employee must sign a retention service agreement before receiving any retention incentive payments. A written retention service agreement is not required if DoDEA:

(1) Pays the retention incentive in bi-weekly installment payments.

(2) Sets each bi-weekly installment payment at the full retention incentive percentage rate established for the employee in accordance with Part 575.309(a) of Title 5, Code of Federal Regulations.

b. Retention incentives may be paid in a single lump-sum payment after the completion of the retention service period or in installments after the completion of specified periods of service.

(1) The DoDEA Director or COO may not approve the payment of a retention incentive as an initial lump-sum payment at the start of a service period or in advance of completing the service period for which the retention incentive is being paid.

(2) A lump-sum payment paid upon completion of the retention service period is calculated by multiplying the retention incentive percentage rate established for the employee (or group of employees) by the total basic pay earned by the employee during the full-service period in accordance with Part 575.309(d) of Title 5, Code of Federal Regulations.

(3) An installment payment is calculated by multiplying the rate of basic pay the employee earns in the installment period by a percentage not to exceed the retention incentive percentage rate established for the employee.

(4) If the retention incentive installment payment percentage is less than the full percentage rate established for the employee, any accrued portion of the retention incentive that is not paid as an installment payment during the service period must be paid as a final installment payment to the employee after completion of the service period under the terms of the retention service agreement.

(5) For a retention incentive authorized in accordance with Section 6.1.a.(3) or 6.1.a.(4) of this Issuance that is paid in bi-weekly installments, the installment cannot be paid at the full retention incentive percentage rate established by the retention service agreement. For example, the employee accepts a ten (10) percent retention incentive and signs a one (1) year retention service agreement. If DoDEA chooses to pay in biweekly installments, the payments must be at
less than ten (10) percent of the employee’s biweekly rate of basic pay. The remaining balance will be paid in full upon completion of the retention service period.

c. Except for retention incentives authorized in accordance with Section 6.1.a.(3) or 6.1.a.(4) of this Issuance, DoDEA may begin payments of relocation incentives without affecting the payment of an existing retention incentive.

6.3. SERVICE AGREEMENT REQUIREMENTS. Employee retention service agreement required for retention incentives must specify:

a. The employee’s name, the title, series or occupational code, and grade or pay level of their position.

b. The period of service (in months and years) agreed to by the employee and DoDEA.

c. The actual beginning and ending dates of the retention service period.

(1) The retention service period must begin on the first day of a pay period and end on the last day of a pay period.

(2) For a retention incentive authorized in accordance with Section 6.1.a.(3) or 6.1.a.(4) of this Issuance, the retention service period may not extend past the date on which the employee’s position is affected by the closure or relocation of the employee’s office, facility, activity, or organization. For example, the retention service period may not extend past the date the employee’s position moves to a new geographic location or the date the employee’s position is eliminated.

d. The retention incentive percentage rate, the method of payment, and, if paid in installments, the method of installment payments (i.e., equal percentage rates or reduced percentage rates per installment with a final lump-sum payment of the accrued but unpaid amount of the incentive.)

e. The conditions under which the DoDEA Director or COO must terminate the retention service agreement:

(1) The employee is demoted or separated for cause.

(2) The employee receives a rating of record of less than “Fully Successful” or equivalent.

(3) The employee otherwise fails to fulfill the terms of the retention service agreement.

(4) For retention incentives authorized in accordance with Section 6.1.a.(3) or 6.1.a.(4) of this Issuance:

(a) The closure or relocation is canceled.

(b) The employee moves to a position not affected by the closure or relocation.
(c) The employee accepts an offer to relocate within DoDEA.

(d) The employee moves to a position within DoDEA that is not covered by their retention service agreement.

f. The terms or conditions that may result in termination of the retention service agreement, such as insufficient funds or reassignment to a different type of position.

g. The extent to which periods of time on detail, in a nonpay status or in a paid leave status, except for periods of military service in accordance with Part 353.107 of Title 5, Code of Federal Regulations, count towards completion of the retention service period.

h. The consequences of the employee and the DoDEA Director or COO’s decision to terminate a retention service agreement in accordance with Part 575.310(d) of Title 5, Code of Federal Regulations, including the conditions under which the DoDEA Director or COO must pay an additional retention incentive payment for partially completed service in accordance with Part 575.311(e) and (f) of Title 5, Code of Federal Regulations.

i. A statement that termination of a retention incentive is not grievable or appealable.

6.4. CONTINUATION, REDUCTION, AND TERMINATION OF RETENTION INCENTIVES.

a. **Continuation.** The DoDEA Director or COO will review and certify, on no less than an annual basis, the continuing need for retention incentive payments, or reduce or terminate the retention incentive payments. Retention incentives must be reduced or terminated when the payment is no longer warranted at the level originally approved. Factors to be considered include:

(1) Amount, if any, necessary to retain the employee (or group of employees).

(2) Availability of qualified candidates.

(3) Budget conditions.

b. **Reduction.** For a retention incentive that is paid without a retention service agreement, the DoDEA Director or COO must reduce the retention incentive when the payment is no longer warranted at the level originally approved after considering factors in accordance with Part 575.311(f)(3) of Title 5, Code of Federal Regulations.

c. **Termination.**

(1) Retention Incentive Without a Retention Service Agreement.

(a) A retention incentive paid without a retention service agreement must be terminated when:
1. The employee moves to a different position not covered by the original retention service agreement.

2. Conditions change such that the original retention service agreement to pay the incentive no longer applies.

3. The employee is demoted or separated for cause.

4. The employee receives a rating of record of less than “Fully Successful” or equivalent.

   (b) The DoDEA Director or COO may unilaterally terminate a retention incentive paid without a retention service agreement based solely on the management needs of DoDEA (e.g., when there are insufficient funds to continue the planned retention incentive payments).

   (c) The DoDEA Director or COO must notify the employee in writing when a retention incentive is terminated in accordance with Section 6.4. of this Issuance. Employee entitlement to scheduled incentive payments is as specified in Part 575.311(h) of Title 5, Code of Federal Regulations.

   (2) Retention Incentive Paid Under a Retention Service Agreement.

      (a) The DoDEA Director or COO must terminate a retention service agreement when any of the conditions in accordance with Parts 575.311(a) or (b) of Title 5, Code of Federal Regulations, are met.

      (b) In addition to the terminating reasons cited in Section 6.4.c.(2)(a) of this Issuance, for an employee authorized a retention incentive in accordance with Section 6.1.a.(3) or 6.1.a.(4) of this Issuance, the DoDEA Director or COO must terminate the retention service agreement if any of the conditions stated in Part 575.314(g)(2) of Title 5, Code of Federal Regulations are met.

      (c) The DoDEA Director or COO may unilaterally terminate the retention service agreement based solely on management needs, such as reduction in force or insufficient funds.

      (d) The DoDEA Director or COO must notify an employee in writing when the employee’s retention service agreement is terminated.

      (e) Employee entitlement to retention incentive payments in the event a retention service agreement is terminated is as specified in Parts 575.311(c), 575.311(d), 575.314(g)(3), and 575.314(g)(4) of Title 5, Code of Federal Regulations.

   d. Grievances or Appeals. Employees may not grieve or appeal decisions to reduce or terminate a retention incentive or to terminate a retention incentive service agreement.
SECTION 7: SUPERVISORY DIFFERENTIALS

7.1. APPROVALS. Supervisory differentials, including the amount of such differentials, must be reviewed and approved by the DoDEA Director or COO.

7.2. ELIGIBILITY CRITERIA.

a. A supervisory differential may be paid to a GS employee who supervises one (1) or more civilian employees not covered by the GS pay plan if one (1) or more of such subordinate civilian employees would, in the absence of such this differential, be paid more than the supervisory employee. The supervisory differential may be paid to an employee who meets the definition of supervisor in accordance with Section 7103(a)(10) of Title 5, United States Code, and the criteria in accordance with Section 5755 of Title 5, United States Code.

b. A supervisory differential will be paid in the same manner and at the same time as basic pay, although it is not part of basic pay. The supervisory differential may not cause the supervisor’s annual continuing pay to exceed the annual continuing pay of the highest-paid subordinate by more than three (3) percent.

c. The supervision of a nonappropriated fund employee does not provide a basis for payment of a supervisory differential.

d. A supervisory differential is not payable if the subordinate is a foreign national (direct or indirect hire) employee.

7.3. REDUCTION OR TERMINATION. The DoDEA Director or COO may alter or terminate a supervisory differential at their discretion. In addition to the criteria listed in Part 575.406 of Title 5, Code of Federal Regulations, if required reductions and terminations are not made in a timely manner, the resulting payments are overpayments and are subject to the debt collection process outlined in Volume 8 of DoD 7000.14-R.
SECTION 8: DOCUMENTATION

8.1. DOCUMENTING.

a. The DoDEA Director or COO shall ensure that the basis for awarding, adjusting, or terminating any incentive is documented. Such documentation must contain sufficient detail to justify the payment and to reconstruct the action.

b. This documentation will be submitted to the servicing CHRA for review for sufficiency, adherence to this Issuance, and retention in the appropriate file.

8.2. DOCUMENT REQUIREMENTS.

a. Documentation shall include a copy of the signed employee service agreement, the initial determination, the DoDEA employee’s rating for the previous performance period, and the following information:

   (1) The criteria used to determine the need for the incentive payment (including the need for advance determination) and how the criteria were applied.

   (2) The criteria used to determine the amount of the incentive payment and how the criteria were applied.

   (3) The qualifications of the candidate or employee described in sufficient detail to demonstrate that they meet the special qualifications needed for the position.

   (4) The length of the service agreement and the criteria used to make that determination.

b. Payment of the incentive will be documented with a Standard Form 50, “Notification of Personnel Action” and inserted in the DoDEA employee’s eOPF.
Glossary

G.1. ACRONYMS.

3R Recruitment, Relocation, Retention
AD Administratively Determined
CHRA Civilian Human Resources Agency
COO Chief Operating Officer
eOPF electronic Official Personnel Folder
EX Executive Service
GS General Schedule
HR Human Resources
OPM Office of Personnel Management
RM Resource Management
SES Senior Executive Services
SL Senior Level
ST Scientific or Professional
TP Teaching Position

G.2. DEFINITIONS. Unless otherwise noted, these terms and their definitions are for the purpose of this Issuance

aggregate pay limitations. For GS employees, payment of these incentives is subject to aggregate limitation on pay in a calendar year, which may not exceed the rate of pay of Level I of the EX. For SES, SL, and ST employees, payment of these incentives is subject to the aggregate limitation on pay in a calendar year, which may not exceed the rate payable to the Vice President of the United States at the end of the calendar year. SES employees are currently limited to the aggregate limitation on pay in a calendar year, which may not exceed the rate of pay of Level I of the EX, pending certification of the SES performance appraisal system by the OPM.

authorized management official. The DoDEA Director or COO, as appropriate.

newly appointed employee. A newly appointed employee is defined as an individual receiving their first appointment (regardless of tenure) as an employee of the Federal Government; an appointment following a break in service of at least ninety (90) calendar days from a previous
appointment; or, under certain circumstances, an appointment when the employee’s Federal service during the ninety (90) calendar day period immediately preceding the appointment was limited to one (1) or more of the following: Time-limited or non-permanent appointment in the competitive or excepted service; employment with the Washington, D.C. Government on or after October 1, 1987; appointment as an expert or consultant in accordance with Section 3109 of Title 5, United States Code and Part 304 of Title 5, Code of Federal Regulations certain nonappropriated fund employees; or a provisional appointment.

**prevailing rate position.** Duties and responsibilities assignable to an individual employed in or under an agency in a recognized trade or craft, or other skilled mechanical craft, or in an unskilled, semiskilled, or skilled manual labor occupation, including a foreman and a supervisor in a position having trade, craft or laboring experience and knowledge as the paramount requirement.

**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 DoDEA mission and is likely to be difficult to fill in the absence of such an incentive.

**relocation incentive.** An incentive paid to a current Federal Government employee who must relocate to accept a position in a different geographic area (at least fifty (50) miles or more) if it has been determined that the position is critical to the DoDEA mission, is likely to be difficult to fill in the absence of such an incentive, and the candidate is unwilling to accept the position without the incentive.

**retention incentive.** An incentive paid to a current Federal Government employee if it has been determined that the unusually high or unique qualifications of the employee or a special need of DoDEA for the employee’s services in a position critical to the DoDEA mission makes it essential to retain the employee and that the employee would be likely to leave the Federal Government service in the absence of a retention incentive. An incentive is also allowable to retain an employee or group of employees when a general or specific notice of closure or relocation has been announced, and the employee or group of employees are essential to retain for mission requirements and are likely to leave for a different position in the Federal Government position in the absence of a retention incentive.

**service agreement.** A written agreement that an employee must sign and that requires completion of a specified period of employment prior to the employee receiving the incentive pay.

**service period.** The period of service required by the service agreement, which may not be less than six (6) months and may not exceed four (4) years. Service periods begin on the first day and end on the last day of a pay period. A service agreement is not required for bi-weekly retention incentive payments.
supervisory differential. Payment to a GS employee who has supervisory responsibility for one (1) or more civilian employees not covered by the GS if one (1) or more of such subordinate employees would, in the absence of the differential, be paid more than the supervisory employee.
REFERENCES

Code of Federal Regulations, Title 5
United States Code, Title 5
### APPENDIX

#### APPENDIX 1: INTERNAL CONTROLS EVALUATION CHECKLIST

<table>
<thead>
<tr>
<th>CHECKLIST ITEM</th>
<th>YES/NO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recruitment Incentive</strong></td>
<td></td>
</tr>
<tr>
<td>Is the position identified as one that is likely to be difficult to fill absent a recruitment incentive payment?</td>
<td></td>
</tr>
<tr>
<td>Is this a newly appointed employee?</td>
<td></td>
</tr>
<tr>
<td>Did the employee sign a recruitment service agreement to fulfill a period of service of no less than six (6) months and not more than four (4) years?</td>
<td></td>
</tr>
<tr>
<td><strong>Relocation Incentive</strong></td>
<td></td>
</tr>
<tr>
<td>Is the position identified as one that is likely to be difficult to fill absent a relocation incentive payment?</td>
<td></td>
</tr>
<tr>
<td>Is this a current employee?</td>
<td></td>
</tr>
<tr>
<td>Does the employee have a rating of record of at least “Fully Successful” or equivalent for the position held immediately before the move?</td>
<td></td>
</tr>
<tr>
<td>Did the employee sign a relocation service agreement to fulfill a period of service of no less than six (6) months and not more than four (4) years?</td>
<td></td>
</tr>
<tr>
<td>Did the employee establish a residency in the new geographic location prior to payment of the relocation incentive?</td>
<td></td>
</tr>
<tr>
<td><strong>Retention Incentive</strong></td>
<td></td>
</tr>
<tr>
<td>a. Has it been determined that the employee has unusually high or unique qualifications which makes it essential to retain the employee?</td>
<td></td>
</tr>
<tr>
<td>If yes, would the employee likely leave Federal Government service in the absence of a retention incentive payment?</td>
<td></td>
</tr>
<tr>
<td>b. Does DoDEA have a special need for the employee’s services that makes it essential to retain the employee in their current position?</td>
<td></td>
</tr>
<tr>
<td>If yes, would the employee likely leave for a different position in or outside the Federal Government service in the absence of a retention incentive?</td>
<td></td>
</tr>
<tr>
<td>Does the employee have a rating of record of at least “Fully Successful” or equivalent?</td>
<td></td>
</tr>
<tr>
<td>Did the employee sign a retention service agreement to fulfill a period of service of no less than six (6) months and not more than four (4) years?</td>
<td></td>
</tr>
<tr>
<td><strong>Supervisory Differential</strong></td>
<td></td>
</tr>
<tr>
<td>Does the GS employee supervise one (1) or more civilian employees not covered by the GS pay plan?</td>
<td></td>
</tr>
<tr>
<td>In the absence of the supervisory differential, would the subordinate employee be paid more than the supervisory employee?</td>
<td></td>
</tr>
</tbody>
</table>